



**State of Minnesota
DRAFT Consolidated Annual Performance
and Evaluation Report
for Federal Fiscal Year 2010**

Available for public review and comment
October 18, 2010

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The Federal Fiscal Year ended September 30, 2010 and data are not yet available for some activities. The final report will include all data not available for this draft.

Executive Summary

Minnesota has three fundamental objectives in the distribution of housing and the time has come community development resources: to create suitable living environments, to provide decent affordable housing, and to create economic opportunities within the state.

The *Minnesota Consolidated Housing and Community Development Plan* presents the state's strategy (a five-year plan with annual action updates) for using federal funds to meet these objectives and serves as a condition for funding of: the Small Cities Development Program (SCDP), HOME Investment Partnerships Program, Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grants (ESG). The most current five-year plan is the *Consolidated Housing and Community Development Plan, FY 2007-2011*. The most recent approved annual action plan is the *Action Plan for Housing and Community Development FY2010* submitted to the U.S. Department of Housing and Urban Development in December 2009.

The *Consolidated Annual Performance and Evaluation Report (CAPER)* provides information with which to measure state agency performance in meeting objectives established in the previous year's action plan. The most recent CAPER is the *Consolidated Annual Performance and Evaluation Report (CAPER) for FFY 2009* submitted to the U.S. Department of Housing and Urban Development in December 2009.

The largest number of households that the state assisted in 2010 using federal resources was through Emergency Shelter Grants to assist people experiencing homelessness. Assistance helps to cover operating costs for emergency shelter facilities as well as supportive services to individuals or families; ESG funding is also used for homelessness prevention activities. The largest dollar amount that the state provided in 2010 using federal resources was through the Small Cities Development Program to assist communities with public facilities projects, economic development, and housing rehabilitation. In working toward its goals in FFY 2010, the state received allocations from HUD and spent federal funds in the following total amounts:

- Small Cities Development Program: \$22,098,274 allocated to create economic opportunities and suitable living environments; \$_____awarded
- HOME: \$10,470,533 allocated for decent affordable housing; \$_____expended
- Emergency Shelter Grants: \$1,240,248 allocated for suitable living environments; \$1,240,248 expended
- Housing Opportunities for Persons with AIDS: \$137,625 for decent affordable housing; \$_____expended

**State of Minnesota
Consolidated Annual Performance and
Evaluation Report for
Federal Fiscal Year 2010**

Introduction

On behalf of the State of Minnesota, Minnesota Housing, the Minnesota the Department of Employment and Economic Development, and the Minnesota Department of Human Services submit the *Consolidated Annual Performance and Evaluation Report* (CAPER) to the U. S. Department of Housing and Urban Development (HUD) for Federal Fiscal Year 2010. This is in fulfillment of HUD's requirements for the consolidating planning and fund application process as provided by Code of Federal Regulations, title 24, section 91.520.

The *Minnesota Consolidated Housing and Community Development Plan* presents the state's strategy for using federal funds to meet specific housing and community development needs under the: Small Cities Development Program (SCDP), Community Development Block Grant funds provided through the state in nonentitlement areas of Minnesota; HOME Investment Partnerships Program; Housing Opportunities for Persons with AIDS (HOPWA); and Emergency Shelter Grants (ESG).

This CAPER summarizes assistance provided through state agencies in Federal Fiscal Year 2009 (October 1, 2009 through September 30, 2010). The report includes a discussion of the resources available to the state, the way in which state agencies used those resources, the number and types of households assisted, and how other public policies affected affordable and supportive housing and community development (note the Self-Evaluation section and program narratives). Information in this report should enable a comparison between anticipated and actual assistance activities, as well as progress toward meeting objectives identified in the *Consolidated Housing and Community Development Plan, FY 2007-2011*.

Federal assistance reported in the CAPER generally is available to households in nonentitlement areas of the state; entitlement areas submit performance reports on housing and community development assistance in their own jurisdictions, separately. HOME downpayment assistance (referred to as HOME HELP) and HOME-funded rehabilitation loans to low-income homeowners are available statewide through Minnesota Housing participating lenders and administrators. Entitlement communities or counties that receive funding allocations directly (and therefore are **not** covered by the state's Consolidated Plan and annual performance reports) include: the cities of Minneapolis, Saint Paul, Moorhead, Saint Cloud, Rochester, Duluth and the counties of Hennepin (which includes the cities of Bloomington and Plymouth), Anoka, Dakota, Ramsey, Washington, Saint Louis, Cook, Koochiching, Lake, and Itasca.

Access to Data

The following reports are available upon request from Minnesota Housing, DEED, or DHS:

- Summary of Activities (C04PR03) lists each CDBG activity that was open during a program year. For each activity the report shows the status, accomplishments, program year narrative and program year expenditures. For each activity the report also shows the activity code, regulation cite and characteristics of the beneficiaries.
- Summary of Consolidated Plan Projects for Report Year 2009 (C04PR06) tracks progress in implementing projects identified in the action plan. This report lists all projects for a plan year in sequence by project number and summarizes disbursements by program for each project's activities.
- Summary of Accomplishments Report (C04PR23) presents data on CDBG/HOME activity counts and disbursements by priority need categories. It also contains data on CDBG accomplishments by various units of measure and housing units by racial/ethnic categories and HOME housing units by various income groups.
- Financial Summary Report (C04PR26) provides the key CDBG program indicators. This report shows the obligations and expenditures that the grantee has made for a specified program year. This report contains program year information on statutory requirements regarding overall percentage for low- and moderate-income benefit.
- Small Cities Development Program Performance Evaluation Report (PER) is a list of proposed and actual SCDP projects available from DEED upon request.

IDIS reports may be obtained from Minnesota Housing at: 400 Sibley, Suite 300, Saint Paul, MN 55101 or by calling 1-800-657-3769 (toll free) or 651-296-7608 or by e-mails to mn.housing@state.mn.us. Additional information on HOME and HOPWA funding selections also is available from: www.mnhousing.gov/

Information and details concerning residential and rental rehab projects for 2010 can also be found in DEED's *Performance Evaluation Report (PER)*. The PER as well as information regarding job creation and community development can be obtained by contacting DEED at: Minnesota Department of Employment and Economic Development, Main Office, 332 Minnesota Street, Suite E-200, Saint Paul, MN 55101 or 651-296-3711, 888-GET-JOBS (438-5627), Fax 651-296-0994, TTY/TDD 651-282-5909. Additional information also is available at: www.deed.state.mn.us/Community/

Additional information regarding ESG projects or activities is available through DHS at: Minnesota Department of Human Services, Office of Economic Opportunity, P.O. Box

64962, Saint Paul, MN 55164-0962 or (651) 431-3824 or at:
www.dhs.state.mn.us/cfs/oeo/esgp.htm

I. Summary of Resources and Distribution of Funds

In working toward its goals in FFY 20010, the state received allocations from HUD and spent federal funds in the following total amounts:

- Small Cities Development Program: \$22,098,274 allocated to create economic opportunities and suitable living environments; \$_____awarded
- HOME: \$10,470,533 allocated for decent affordable housing; \$_____expended
- Emergency Shelter Grants: \$1,240,248 allocated for suitable living environments; \$1,240,248 expended
- Housing Opportunities for Persons with AIDS: \$137,625 for decent affordable housing; \$_____expended

This CAPER does not report on Minnesota's current or planned participation in federal economic stimulus programs created by the Housing and Economic Recovery Act of 2008 (HERA) and the American Recovery and Reinvestment Act of 2009 (ARRA). Jurisdictions report on these programs separately according to the respective program requirements. For more information on ARRA resources allocated to the state, visit this website: <http://www.mnhousing.gov/>

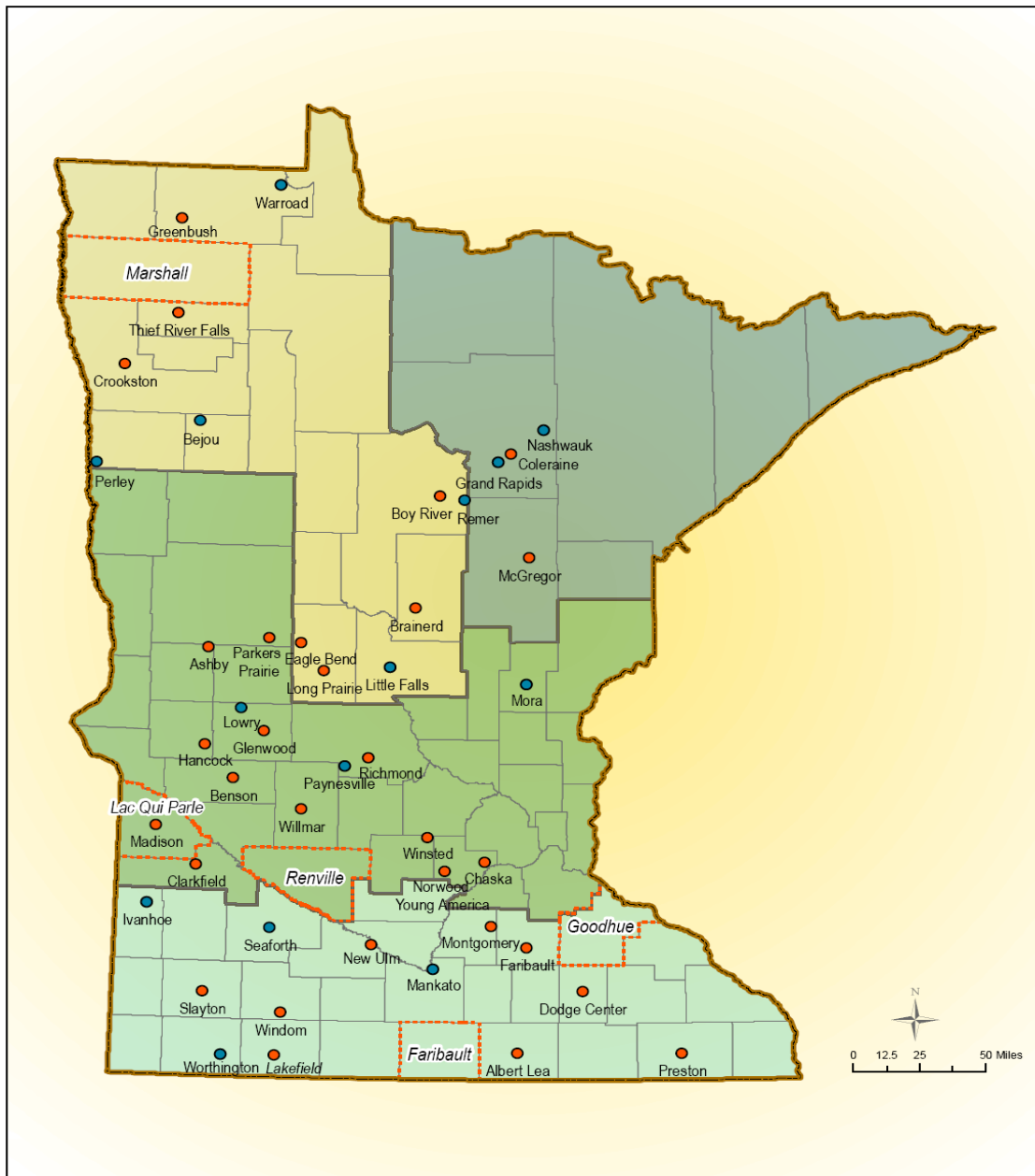
Minnesota historically has received the largest amount of assistance from HUD for housing and community development under the Small Cities Development Program (SCDP), administered through the Department of Employment and Economic Development (DEED).

Eligible applicants for the SCDP funds are cities, counties and townships in areas of the state that do not qualify as entitlement entities and, therefore, are not eligible to receive an allocation of Community Development Block Grant funds directly from HUD. These are cities with a population under 50,000 and counties and townships with an unincorporated population of fewer than 200,000.

The state awards SCDP funds to applicants on a competitive basis; communities may use funds for public facilities, economic development, downtown commercial revitalization, residential housing rehabilitation (owner and renter occupied), new housing construction, homeownership assistance, and relief from flood or other natural disasters. In order to be considered eligible, an applicant must be in substantial compliance with all applicable State and Federal laws, regulations and Executive Orders that pertain to the CDBG Small Cities Development Program.

2009 Awarded Projects (Including ARRA Funding)

Small Cities Development Program



HOME funds historically have comprised Minnesota's second largest allocations of federal housing assistance, made available primarily for housing rehabilitation. Minnesota Housing provides the HOME funds it receives from HUD either directly or through local entities such as community action agencies, local units of government, and local housing authorities.

**Distribution of HOME Assistance by
Region in Minnesota, 2010**

Location	Regional Percentage	
	HOME units assisted	Funds in completed projects
Central		
Twin Cities*		
Northeast		
Northwest		
Southeast		
Southwest		
West Central		
Total		

*HOME Downpayment assistance was available statewide.

Minnesota Housing also receives the state's allocation of HOPWA formula funds from HUD. The agency administers HOPWA funds in cooperation with the Minnesota HIV Housing Coalition in Greater Minnesota. The City of Minneapolis receives and allocates funds in the 13-county Twin Cities area.

The Department of Human Services (DHS) administers federal funds from HUD under the Emergency Shelter Grant (ESG). ESG provides assistance to grantees throughout the state for the operating costs of shelters and essential services. The state selects grantees on a competitive basis. The reporting year for the CAPER overlaps two ESG state fiscal years, 2010 (7/1/2009– 6/30/2010) and 2011 (7/1/2010– 6/30/2011). Below is the ESG funding awards for each state fiscal year:

ESG Funding Awards

Agency	2010 ESG allocation	2011 ESG allocation
Ain Dah Yung	20,000.00	20,000.00
Anoka County Community Action Program, Inc.	20,000.00	20,000.00
Arrowhead Economic Opportunity Agency, Inc.	56,500.00	56,500.00
Avenues for Homeless Youth	29,250.00	29,250.00
Bi-County Community Action Program, Inc.	7,750.00	7,750.00
Care and Share Center, Inc.	46,718.00	46,718.00
Catholic Charities - Hope Street	25,000.00	25,000.00
Catholic Charities of the Archdiocese of St Paul and Minneapolis	55,460.00	55,460.00
Churches United for the Homeless	70,000.00	70,000.00
Churches United in Ministry (CHUM)	35,000.00	35,000.00
Community Action Center of Northfield, Inc.	20,000.00	20,000.00
East Metro Women's Council	15,000.00	15,000.00
Families Moving Forward	54,500.00	54,500.00
Heartland Community Action Agency, Inc.	24,000.00	24,000.00
Inter-County Community Council, Inc.	10,000.00	10,000.00
KOOTASCA Community Action, Inc.	35,000.00	35,000.00
Lakes and Pines Community Action Council, Inc.	17,150.00	17,150.00
Lutheran Social Service of Minnesota (St. Paul - TLPY)	20,000.00	20,000.00
Mahube Community Council, Inc.	17,500.00	17,500.00
Motivation, Education & Training, Inc.	19,369.00	19,369.00
New Pathways	40,000.00	40,000.00
Otter Tail-Wadena Community Action Council, Inc.	16,000.00	16,000.00
Our Saviour's Outreach Ministries	54,860.00	54,860.00
Ours to Serve House of Hospitality, Inc	55,000.00	55,000.00
Partners for Affordable Housing	53,000.00	53,000.00
Red Lake Homeless Shelter, Inc.	37,500.00	37,500.00
Rise Housing Services, Inc.	15,000.00	15,000.00
Ruth's House of Hope	20,000.00	20,000.00
Saint Paul Area Council of Churches	54,500.00	54,500.00
Salvation Army (Brainerd)	4,000.00	4,000.00
Salvation Army (Rochester)	5,000.00	5,000.00
Salvation Army (St. Cloud)	46,500.00	46,500.00
Scott-Carver-Dakota CAP Agency, Inc.	19,000.00	19,000.00
Semcac	26,000.00	26,000.00
Simpson Housing Services, Inc.	54,860.00	54,860.00
St. Stephen's Human Services	54,860.00	54,860.00
West Central Minnesota Communities Action, Inc.	10,000.00	10,000.00
Western Community Action, Inc.	14,000.00	14,000.00

The state also receives allocations of federal funds to provide assistance that does not meet HUD reporting guidelines for the CAPER and therefore are not included in the assessment of the state's performance toward meeting goals for housing and community development assistance to households. These allocations are discussed below:

Minnesota Housing is the state's principal allocator of federal Housing Tax Credits and sells revenue bonds, both of which are activities important to the provision of affordable housing and are authorized in the federal tax code. In 2010 the state reserved \$11.6 million in credits for the development of affordable rental housing.

DHS receives funding allocations from the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA) under Projects for Assistance in Transition from Homelessness (PATH). PATH funds may provide outreach, screening and treatment, referrals, housing assistance, support services, linkage with mental health services, and other types of assistance for homeless adults with a serious mental illness. In 2010 Minnesota received \$748,000 of the PATH funds available through SAMHSA.

The U.S. Departments of Energy and Health and Human Services make funds available to the state for weatherization, energy assistance, and energy-related repair. The Minnesota Department of Commerce receives and allocates these funds to community action agencies, counties, and Indian reservations on a formula basis for direct delivery at the local level. In 2010, Minnesota Housing provided rebates to its Home Improvement Loan borrowers who made qualifying energy-saving changes to their property. The Energy Saver Rebate was funded through \$ 4 million in federal stimulus funds.

The Minnesota Department of Public Safety receives an allocation of federal funds annually, a portion of which may be used to provide operating assistance and other related assistance to emergency shelters for battered women and their children.

In FFY 2010, Minnesota Housing expended nearly \$71 million of federal Section 8 Housing Assistance Payments to assist more than 12,000 households occupying Minnesota Housing-financed rental housing built under the New Construction component of the Section 8 program. Minnesota Housing, under a contract with HUD, also expended \$101 million in federal Section 8 Housing Assistance Payments for more than 18,000 households occupying HUD or conventionally financed housing. Minnesota Housing also expended approximately \$1.5 million in federal Section 236 funds in FFY 2010 for interest reduction payments on Minnesota Housing-financed developments.

Minnesota Housing received \$3,101,166 from NeighborWorks in 2010 to provide counseling and legal assistance to homeowners under the federally funded National Foreclosure Mitigation Counseling Program. A total of \$3,251,193 (including funds from a previous allocation) made available through the state's Homeownership Education, Counseling, and Training Program assisted an estimated 10,390 households.

HUD finances rental housing development in Minnesota through Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities.

**HUD Awards for Affordable Housing Assistance in Minnesota,
FFY 2009**

Description	Project location	Number of units	Capital advance	Rental subsidy
Section 202	Maplewood	40	\$5,081,800	\$471,600
	Saint Paul	50	\$6,378,400	\$577,800
Section 811	Alexandria	15	\$1,792,700	\$165,300
	Hopkins	15	\$1,931,800	\$165,300

II. General CAPER Narratives

A. Assessment of the Three- to Five-Year Goals and Objectives

Minnesota's objectives in the distribution of housing and community development resources are to create suitable living environments; provide decent, affordable housing; and create economic opportunities within the state.

The resources of state agencies provide the greatest dollar amount of assistance for affordable housing in Minnesota. The most abundant resource available to states for affordable housing assistance continues to be proceeds from the sale of revenue bonds. Appropriations from the Minnesota Legislature are an important resource that supports housing and community development programs, and Minnesota Housing uses some of its own resources, such as reserves, to provide additional leverage in projects that may not have access to adequate sources of funding for affordable housing or housing for people with special needs.

The largest number of people that the state assists with federal resources is through ESG, assisting people experiencing homelessness. Assistance includes operating and supportive service costs for emergency shelter facilities.

The largest amount of assistance that the state provides with federal resources is through the Small Cities Development Program funded by CDBG, particularly for the rehabilitation of owner-occupied homes and the improvement of public facilities.

Under the continuing economic difficulties of 2010, the state was unable to meet production goals in some programs, e.g., those housing and community development programs funding construction and rehabilitation. The Self-Evaluation section provides a more detailed analysis of the state's progress toward meeting goals.

B. Affirmatively Furthering Fair Housing

DEED requires all grantees to develop a fair housing plan that affirmatively furthers fair housing. SCDP grantees also must consider equal employment opportunity and affirmative action throughout the life of their grants in all activities and grant administration. At the annual Implementation Workshop held for new grantees, equal employment opportunity requirements are discussed and a handbook is distributed which details the statutory requirements and the actions which need to be taken or suggested be taken. Grantees are required to include equal opportunity language in all contracts; engineers and architects include equal opportunity materials (including EO 12846, Section 3 Clause, Uniform Administrative Requirements, and a list of applicable laws) in all bidding and contract documents. Equal employment opportunity actions and requirements are discussed at pre-construction conferences and other forums as appropriate. Grantees report to DEED, annually, on the number and amount of contracts that were awarded to women- or minority-owned businesses and Section 3 businesses.

The Minnesota Housing HOME team assesses the success of affirmative marketing efforts in the HOME Rental Rehabilitation Program. In counties with significant populations of people of color, Minnesota Housing staff compare predetermined occupancy goals with actual occupancy data maintained by local administrators and Census data for the city or county in which developments are located, e.g., data on renters of color, people with disabilities, and female-headed families. Minnesota Housing may require corrective actions, such as more extensive outreach efforts to appropriate communities or organizations, to achieve the rental occupancy goals representative of the demographics in an area. Examples of outreach efforts to inform and solicit applications from those least likely to apply include the use of: community organizations, churches, employment centers, fair housing groups, housing counseling agencies, or other organizations that provide services to, or have as members, people in groups considered least likely to apply.

The Minnesota Housing Administrative Procedures Manual, Administrative Monitoring Checklist, and File Compliance and Property Inspection Checklists for the HOME Rental Rehabilitation Program promote the understanding of affirmative fair housing compliance (including monitoring of Affirmative Fair Housing Marketing Plans) and guidelines for outreach to minority- and women-owned businesses as contractors or sub-contractors on projects. At annual workshops, Minnesota Housing staff review agency guidelines and checklists regarding affirmative fair housing and outreach to minority- and women-owned businesses. Minnesota Housing HOME team members also meet separately with program administrators to review guidelines and stress their importance.

Minnesota Housing required that property owners submit Affirmative Fair Housing Marketing Plans for the marketing and occupancy of units assisted in developments of

five units or more. Owners must update these marketing plans at least once every three years.

The state has prepared an *Analysis of Impediments to Fair Housing Choice* that identifies conditions that may act as impediments to fair housing in these main areas:

- Homeownership: access to credit and to information about the buying process as well as limited affordability in some areas of the state;
- private rental housing: discrimination during the application process, the costs of application, outreach to communities of color;
- subsidized rental housing: limited usability of housing vouchers, the cost of rental housing.

The *Analysis of Impediments to Fair Housing Choice* is available from Minnesota Housing upon request. Annual summaries of actions the state has taken to address impediments have been included as part of the CAPER report beginning in 2002. The following is a summary of actions the state has taken to address impediments to fair housing in 2010:

Homeownership

Homeownership Education, Counseling, and Training (HECAT), funded through state appropriations, federal appropriations, and Minnesota Housing resources, has served an average of more than 13,000 households annually in the last five years (2005-2009). Program initiatives provide information and counseling assistance to homebuyers and homeowners who may be facing foreclosure. HECAT programs target traditionally underserved communities and communities most easily victimized by predatory lending practices. In 2009, 56 percent of participants in HECAT training in Minneapolis and in Saint Paul were of color.

According to information from the Mortgage Bankers Association's *National Delinquency Survey*, at the end of June 2010 Minnesota ranked 16th highest among states in the U.S for home mortgage foreclosures started during the quarter. In response to continuing problems of foreclosure in communities around the state, Minnesota Housing has invested more than \$78.7 million to provide homebuyer education, foreclosure counseling, financial assistance to homeowners, and remediation assistance to communities to rehabilitate and resell foreclosed properties.

Minnesota Housing, the Family Housing Fund, and more than a dozen other public and private participants have funded "Don't Borrow Trouble," a public information campaign that provides education for homebuyers and homeowners, as well as consumer guidance to avoid predatory lending.

Minnesota Housing has supported Habitat for Humanity homeownership efforts since 1991. In September of 2009 Minnesota Housing's Board of Directors approved a \$4 million allocation of agency resources to Habitat to be disbursed during the 2010-2011 biennium. The most current data available indicate that homebuyers funded by

Minnesota Housing through Habitat had a median income of \$32,148 in 2009 or 44.1 percent of HUD's median income for the state at that time. Seventy percent of these homebuyers in 2009 were from communities of color (emerging market borrowers).

HOME HELP provides entry cost assistance for lower income borrowers for whom homeownership is unaffordable. This assistance, offered to households with the greatest need, has been available only through Minnesota Housing's Community Activity Set-Aside (CASA) first mortgage program. More than 42 percent of homebuyers receiving HOME HELP in FFY 2009 were emerging market households. At least one person in each household securing mortgage financing under CASA must complete a qualified homebuyer education class prior to loan closing.

The Emerging Markets Homeownership Initiative (EMHI) is funded by a consortium of agencies led by Fannie Mae, the Federal Reserve Bank of Minneapolis, and Minnesota Housing. EMHI's business plan, which calls for 40,000 new homeowners from communities of color by 2012, is based on three basic strategies: improve trusted guidance to emerging market communities, provide opportunity to expand and tailor outreach efforts, and offer innovative structural support to enhance mortgage products and processes. A copy of the final business plan is available at www.mnhousing.gov/

Multifamily Rental Housing

Information available in 2010 on nearly 9,000 tenant households occupying Minnesota Housing-assisted developments shows that 47 percent throughout the state (62 percent in the Twin Cities region) were headed by a person of color, i.e., identified as of a race other than white or of Hispanic or Latino ethnicity. Data indicate that 49 percent of households in the developments for which owners claimed federal Housing Tax Credits (61 percent in the Twin Cities region) were households of color.

Minnesota Housing funded rental assistance vouchers for 1,824 low income households under the Housing Trust Fund in 2009; more than 62 percent were households of color (67 percent in the Twin Cities region). The median annual income of households receiving vouchers under the Housing Trust Fund was less than \$7,300.

As of 2010, the Minnesota Legislature had appropriated for the 2010-2011 biennium: \$14.4 million for the preservation of affordable rental housing, \$21.1 million for the Housing Trust Fund and \$14.8 million for the Economic Development and Housing Challenge Fund. Households of color typically comprise 50 percent or more of the tenant households assisted under each of these programs.

The Obama Administration has offered budgets that renew and strengthen HUD's commitment to affordable housing. Public housing capital funds increased in 2010 and operating funds are recommended for increase in 2011. Funding also increased for tenant based rental assistance programs in 2010 and are recommended for increase in

2011. The proposed budget recognizes the need to incent Section 8 owners to not opt out of the program by fully funding the program.

In 2009, more than 30 percent of the households occupying Section 8 units throughout the state were households of color; in the cities of Minneapolis and Saint Paul more than two-thirds of the households occupying Section 8 units were households of color. For more information on households of color as a percentage of total households assisted through Minnesota Housing, visit: www.mnhousing.gov/news/reports/index.aspx (see Housing Assistance in Minnesota).

Homelessness

In 2004, staff from DEED, DHS, Minnesota Housing, and other public and private stakeholders participated in a working group that developed the state's first business plan to end long-term homelessness in Minnesota by 2010. The plan identified the state's strategies to achieve the goal of 4,000 new supportive housing opportunities by 2010. In 2010, Minnesota Housing announced a "recalibration" of the business plan due to difficult economic conditions that stalled housing development, including the development of supportive housing. The state's goal has been revised to 4,000 new supportive housing opportunities by 2015. More than 3,000 supportive opportunities for the long-term homeless have been funded as of September 2010. Cumulative progress was ahead of annual targets until 2009 as shown here:

www.mnhousing.gov/initiatives/housing-assistance/index.aspx

The Minnesota Legislature has funded the Family Homeless Prevention and Assistance Program (FHPAP) since 1993. In 2007 the legislature nearly doubled the amount of the appropriation for this program, from \$7.4 million to \$14.9 million for the 2008/2009 biennium. Available data indicate that between 50 percent and 60 percent of household assisted under FHPAP in the last eight years have been households of color. FHPAP has assisted an average of nearly 8,000 households a year over the last decade with a high of more than 11,000 households in 2009. For the 2010-2011 biennium, FHPAP is expected to assist 8,700 households each year.

Data from the most recent Wilder survey (2009) of homeless people indicate that half of homeless people in the Twin Cities are African American, 20 percent in Greater Minnesota are American Indian, and 39 percent of all homeless households in the state are of color.

C. Affordable Housing

HUD does not consistently require jurisdictions, in each of the various Community Planning and Development programs, to collect or report the data necessary to determine housing affordability. Agencies have cooperated to the extent possible in providing information.

Data on the affordability of housing funded through SCDP (as defined by Section 215 guidelines) is not available; however, data on incomes of households assisted under SCDP activities indicate that in FFY 2009, 70 percent of households reported had incomes at or below 80 percent of area median income.

The ESG program has no goal to provide affordable housing as defined by Section 215 and DHS does not collect income information on ESG recipients. Most of the people assisted under this program have few or no resources; one of the basic criteria for qualifying for assistance is having no resources to afford housing even for a single night. ESG is the largest of Minnesota's federally funded efforts to address worst-case needs.

In accordance with guidelines, all tenants, homebuyers and homeowners under HOME and HOPWA programs administered by Minnesota Housing have gross incomes at or below 80 percent of area median family income (MFI).

D. Continuum of Care

Currently, 11 CoC regions exist in Minnesota. CoC committees have developed plans that identify and describe regional homelessness, assistance needs of people experiencing homelessness or people at risk of becoming homeless, gaps in regional service delivery for the homeless, and a plan for addressing those gaps.

ESG funding is used to strengthen the Continuum of Care systems by providing direct services to homeless persons. ESG funds were provided to grantee agencies in every CoC region, each of which has as a priority to provide shelter and supportive services for homeless individuals and families. ESG funds were provided to shelters in all CoC regions to pay for the operating and service costs of these programs.

Both Minnesota Housing and DHS use CoC Plans in the process of reviewing and selecting proposals under the ESG and transitional housing programs. DHS offers each CoC committee the opportunity to provide comments and recommendations on each ESG application submitted from their region. This allows CoC committees to have input into how ESG funds are spent in their community, ensuring that funds are filling gaps in their CoC systems.

CoC plans are available at:

www.mnhousing.gov/initiatives/housing-assistance/continuum/index.aspx

or through one of these offices:

Affordable Housing Contacts in Minnesota, 2010-2011

Continuum of Care (COC) – a community plan to organize and deliver housing and services to reduce the incidence of homelessness by assisting homeless individuals, youth and families with children to move to self-sufficiency and permanent housing.

Minnesota Interagency Council on Homelessness (MICH) – the goal of MICH is to maximize and coordinate state resources to prevent and address homelessness.

Regional Housing Advisory Group (RHAG) – Regional Housing Advisory Groups are forums for discussion among core stakeholders. Minnesota Housing staff works closely with each group to assure that Minnesota Housing receives input pertaining to its goals and the group has an opportunity to share information on issues of concern to the region.

Heading Home Minnesota – statewide strategy which includes Minnesota's Business Plan to End Long-Term Homelessness and regional/local "Heading Home" Initiatives, which represent partnerships with support of the public, business, nonprofit and philanthropic sectors and the faith community.

For additional support:

Corporation for Supportive Housing

612-721-3700

Regions	CoC and Heading Home Contacts	MICH Contacts	Minnesota Housing RHAG Contacts		HUD Contacts
METROPOLITAN AREA					
Anoka County	<u>CoC and Heading Home Contact:</u> Judy Johnson Anoka County Housing Coordinator Tel: 763-422-6950 judy.johnson@co.anoka.mn.us	Jane Lawrenz Human Services Tel: 651-431-3844 jane.m.lawrenz@state.mn.us	Multifamily: 651.296.9832 800.657.3701	Single Family: 651.296.8215 800.710.8871	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov

Regions	CoC and Heading Home Contacts	MICH Contacts	Minnesota Housing RHAG Contacts		HUD Contacts
Dakota County	<u>COC Contact:</u> Marsha Milgrom Dakota County Social Services Tel: 651-554-5918 marsha.milgrom@co.dakota.mn.us	Jane Lawrenz Human Services Tel: 651-431-3844 jane.m.lawrenz@state.mn.us	Multifamily: 651.296.9832 800.657.3701	Single Family: 651.296.8215 800.710.8871	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov
Hennepin County	<u>COC Contact:</u> Mark Hendrickson Hennepin County Housing Development Tel: 612-348-2199 mark.hendrickson@co.hennepin.mn.us <u>Heading Home Contact:</u> Cathy ten Broeke Tel: 612-596-1606 Cathy.ten.Broeke@co.hennepin.mn.us	Ji-Young Choi Minnesota Housing Tel: 651-296-9839 ji-young.choi@state.mn.us	Multifamily: 651.296.9832 800.657.3701	Single Family: 651.296.8215 800.710.8871	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 thomas_koon@hud.gov
Ramsey County	<u>COC Contact:</u> Jim Anderson Ramsey County Human Services Tel: 651-266-4116 jim.anderson@co.ramsey.mn.us <u>Heading Home Contact:</u> Carol Zierman Ramsey County Planning Office 651-266-8004 carol.zierman@co.ramsey.mn.us	Alison Legler Human Services Tel: 651-431-3848 alison.legler@state.mn.us	Multifamily: 651.296.9832 800.657.3701	Single Family: 651.296.8215 800.710.8871	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 thomas_koon@hud.gov

Regions	CoC and Heading Home Contacts	MICH Contacts	Minnesota Housing RHAG Contacts		HUD Contacts
Scott/Carver Counties	<u>COC and Heading Home Contact:</u> Rebecca Bowers Scott, Carver, Dakota CAP Tel: 651-322-3513 Rebecca.Bowers@capagency.org	Jane Lawrenz Human Services Tel: 651-431-3844 jane.m.lawrenz@state.mn.us	Multifamily: 651.296.9832 800.657.3701	Single Family: 651.296.8215 800.710.8871	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov
Washington County	<u>COC Contact:</u> Diane Elias Washington County Community Services Tel: 651-430-8317 diane.elias@co.washington.mn.us	Jane Lawrenz Human Services Tel: 651-431-3844 jane.m.lawrenz@state.mn.us	Multifamily: 651.296.9832 800.657.3701	Single Family: 651.296.8215 800.710.8871	Sara Jean Bergen Housing & Urban Dev. Tel: 612-370-3019 ext. 2103 sara_j_bergen@hud.gov
GREATER MINNESOTA					
Central	<u>COC and Heading Home Contact:</u> Hanna Klimmek Central MN Housing Partnership Tel: 320-259-0393 hanna@cmhp.net	Erin Schwarzbauer Minnesota Housing Tel: 651-296-3656 erin.schwarzbauer@state.mn.us	Multifamily: Wendy Bednar Tel: 651-297-3540 wendy.bednar@state.mn.us Single Family: Suzanne Best Tel: 651-297-3131 Suzanne.best@state.mn.us	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 mary_k_burbank@hud.gov	

Regions	CoC and Heading Home Contacts	MICH Contacts	Minnesota Housing RHAG Contacts	HUD Contacts
Northeast	<u>COC and Heading Home Contact:</u> Patty Beech N.E. MN CoC Coordinator Tel: 218-525-4957 pbeech@cpinternet.com	Pat Leary Human Services/OEO Tel: 651-431-3824 pat.leary@state.mn.us	Multifamily: Terri Parker Tel: 651-297-5141 terri.parker@state.mn.us Single Family: Devon Pohlman Tel: 651-296-8255 devon.pohlman@state.mn.us	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 mary_k_burbank@hud.gov
Northwest	<u>COC and Heading Home Contact:</u> Patrick Grundmeier Beltrami Area Service Collaborative Tel: 218-333-8191 patrick@beltrami.org	Jane Lawrenz Human Services Tel: 651-431-3844 jane.m.lawrenz@state.mn.us	Multifamily: Phil Hagelberger Tel: 651-297-7219 phillip.hagelberger@state.mn.us Single Family: Calvin Greening Tel: 651-296-8843 Cal.Greening@state.mn.us	Mary Burbank Housing & Urban Dev. Tel: 612-370-3019 ext. 2102 mary_k_burbank@hud.gov
Southeast	<u>COC and Heading Home Contact:</u> Mary Ulland-Evans Three Rivers Community Action Tel: 507-732-8555 mary.ullandevans@threeriverscap.org <u>Heading Home Olmsted Contact:</u> Corrine Erickson	Pat Leary Human Services/OEO Tel: 651-431-3824 pat.leary@state.mn.us	Multifamily: Susan Thompson Tel: 651-296-9838 susan.thompson@state.mn.us Single Family: Cheryl Rice Tel: 651-297-3124 cheryl.rice@state.mn.us	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 joe_geary@hud.gov

Regions	CoC and Heading Home Contacts	MICH Contacts	Minnesota Housing RHAG Contacts	HUD Contacts
Southwest	<u>COC and Heading Home Contact:</u> Justin Vorbach SW Minnesota Housing Partnership Tel: 507-836-1609 justinv@swmhp.org	Alison Legler Human Services Tel: 651-431-3848 alison.legler@state.mn.us	Multifamily: Phil Hagelberger Tel: 651-297-7219 phillip.hagelberger@state.mn.us Single Family: Ruth Simmons Tel: 651-297-5146 ruth.simmons@state.mn.us	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 joe_geary@hud.gov
St. Louis County	<u>COC and Heading Home Contact:</u> Laura DeRosier St. Louis County Health Tel: 218-725-5236 derosierl@co.st-louis.mn.us	Vicki Farden Minnesota Housing Tel: 651-296-8125 vicki.farden@state.mn.us	Multifamily: Terri Parker Tel: 651-297-5141 terri.parker@state.mn.us Single Family: Devon Pohlman Tel: 651-296-8255 devon.pohlman@state.mn.us	Tom Koon Housing & Urban Dev. Tel: 612-370-3019 ext. 2108 thomas_koon@hud.gov
West Central	<u>COC and Heading Home Contact:</u> Carla Solem West Central CoC Coordinator Tel: 701-306-1944 carlas@cablone.net	Ji-Young Choi Minnesota Housing Tel: 651-296-9839 ji-young.choi@state.mn.us	Multifamily: Ted Tulashie Tel: 651-297-3119 ted.tulashie@state.mn.us Single Family: Michael Nguyen Tel: 651-296-7620 michael.nguyen@state.mn.us	Joe Geary Housing & Urban Dev. Tel: 612-370-3019 ext. 2157 joe_geary@hud.gov

Minnesota's Homeless Management Information System (HMIS) is an Internet-based system that presents standardized and timely information to housing and service providers to better serve their clients. Local planners, providers, and advocates have developed a version of the system that strengthens provider efforts to end homelessness without jeopardizing the privacy of those they are serving. Statewide implementation of HMIS began on July 1, 2005. All required agencies or departments, along with many voluntary participants, now use HMIS. As of 2009, an estimated 210 organizations providing approximately 79 percent of the 12,300 available beds in Minnesota shelters, transitional, and permanent supportive housing were using HMIS. For more information on Minnesota's HMIS see: www.hmismn.org/index.php

E. Other Actions

Address obstacles to meeting underserved needs

According to the 2009 *American Community*, 33 percent of all households (50 percent of renters) in Minnesota have housing cost burdens (pay more than 30 percent of income for housing). Insufficient funding continues to be a major obstacle to meeting the need for affordable housing. While Minnesota is a leader among states in appropriating funds for affordable housing, and the federal budget for affordable housing has increased in the last several years, the need for assistance continues to exceed available resources, especially resources that are the most useful for providing housing for extremely low-income families, i.e., funds that do not require debt service payments.

The state addresses obstacles to housing and community development and strategies or actions taken in Section 91.315 (Strategic Plan) and Section 91.320 (Action Plan) of its five-year and annual consolidated plans. The ability to meet anticipated needs is subject to a variety of factors that are not necessarily within the control of the state, such as the inclination or capacity of communities and local partners to participate in assistance programs, the availability of feasible development or funding proposals, and local zoning and other regulations.

Foster and maintain affordable housing

Despite budget deficit in Minnesota, Governor Tim Pawlenty signed a bill in 2009 appropriating nearly \$86.8 million to Minnesota Housing for affordable housing programs in 2010-2011. In 2010, the increasing deficit prompted reductions in the amount of \$4,729,000 from multifamily preservation programs. Final appropriations by program are as follows:

**Minnesota Housing Finance Agency Budget,
FY2010-2011**

Housing Trust Fund	\$21,110,000
Preservation	\$14,425,000
Family Homeless Prevention	\$14,930,000
Challenge Fund	\$14,786,000
Rehab Loans	\$7,062,000
Bridges	\$5,276,000
Homeownership Counseling	\$1,730,000
Homeownership Assistance Fund	\$1,720,000
High Risk Adults Demonstration Project	\$500,000
Capacity Building	\$500,000
Total, net	\$82,039,000

For a more complete summary and details visit this website:

www.mnhousing.gov/idc/groups/public/documents/document/mhfa_007129.pdf

Housing Tax Credits (HTC) have been an important tool in the development and preservation of affordable rental housing in Minnesota since 1987. Minnesota Housing monitors more than 23,000 HTC housing units throughout the state as of 2009; suballocators, including Minneapolis, Rochester, Saint Cloud, Saint Paul, and Dakota and Washington counties monitor units in developments within their own jurisdictions

Based on an assessment of local housing needs, Minnesota Housing has developed and updates a tax credit allocation plan that gives preference to certain types of development, e.g., serves the lowest income households, serves the long-term homeless, preserves federally assisted housing. The state's most recent Qualified Allocation Plan and priorities for housing tax credit allocation may be viewed at:

www.mnhousing.gov/housing/developers/allocation/index.aspx

Minnesota Housing requests funding proposals from housing sponsors under a consolidated application process. The agency combines tax credits with below-market interest rate mortgages (using agency reserves) and deferred loans (using state appropriations and contributions from funding partners) to make tax credit developments more affordable to lower income households.

The State of Minnesota and its tax credit suballocators reserved a total of \$11.6 million in tax credits in 2010 for 1,107 proposed affordable rental units. Due to economic conditions, many of these projects had been delayed by large financing gaps resulting from reduced credit pricing and lack of syndicator equity. In February 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA), which temporarily provided resources to bring many “shovel ready” projects to production and close. As of the end of FFY 2010, 24 developments that received ARRA funding for over 1,200 affordable rental units have closed and are under construction or have been completed.

Eliminate barriers to affordable housing

Planners, nonprofit agencies, service deliverers, and other in the consolidated planning process have identified a variety of barriers to affordable housing including: zoning, land use, and impact fees; property tax rates; assessment procedures; and a mismatch between job, housing, and public transportation.

A number of attendees at public forums held for the development of the five-year consolidated plan (2007-2011) identified a lack of local capacity to plan, apply for grants, and execute housing initiatives in their jurisdictions as barriers to affordable housing. Minnesota Housing has more than \$874,000 in state appropriated assistance available in 2010-2011 for capacity building grants. Minnesota Housing also funds a Nonprofit Capacity Building Revolving Loan Program, using its own reserves to cover a portion of the predevelopment costs typically incurred in developing affordable housing. Community Housing Development Organizations (CHDOs) working on HOME projects have been eligible to apply for these predevelopment assistance programs.

In an attempt to address barriers to the production of new affordable housing, such as the cost of land, labor, and materials, the Minnesota Legislature enacted and funded the Livable Communities Act of 1995. This action enables the Metropolitan Council to provide incentives to participating communities in the Twin Cities metro area to encourage affordable housing development and economic revitalization initiatives. For more information see: www.metrocouncil.org/

The state’s tax structure has been identified as a barrier to the development of affordable housing, a barrier that the Minnesota Legislature has attempted to diminish through various revisions to property tax laws related to rental housing. The current Low Income Rent Classification provides property rate reductions for qualifying units in some rent and income-restricted properties. For more information see: www.mnhousing.gov/housing/developers/lirc/index.aspx

Overcome gaps in institutional structure and enhance coordination

Affordable housing assistance in Minnesota depends upon a large network of local lenders, housing authorities, community action agencies, nonprofit organizations, and local governments throughout the state. DEED, DHS, and Minnesota Housing work both to minimize assistance gaps and to coordinate available resources in a variety of ways. Minnesota Housing and its partners issue joint requests for proposals and coordinate the process of reviewing and selecting proposals for funding.

SCDP is available only in nonentitlement jurisdictions within the state, e.g., areas that do not receive a direct allocation of federal funds from HUD. DEED does not make geographic set-asides; all eligible nonentitlement applicants compete equally for available funds. Applications for SCDP are evaluated and ranked based on physical and financial needs, projected impact, cost effectiveness, and demographic characteristics, e.g., number of persons at or below poverty level, estimated market value. Economic development applications are evaluated based on creation or retention of private sector jobs, levels of private investment, and the increase in local tax base. Performance Evaluation Reports completed by DEED staff identify the location of proposed and actual projects by municipality.

DHS determines geographic targets for ESG funding by a formula that takes into account the number of people in poverty, the number of people paying more than 50 percent of their income for rent, and the number of households receiving public assistance. This targeting formula also includes a determination of the amount of DHS funding received in the previous year for programs to address homelessness. The actual amount of ESG funding awarded to a geographic area might vary from the targeted amount based on the number and adequacy of applications received from that area. DHS has chosen to provide supplemental ESG funding in entitlement areas. DHS sends requests for proposals to all grantees participating in the program previously, all Continuum of Care Committees throughout the state, and all other interested parties who contact DHS program staff and request to be added to the mailing list. DHS also publishes the Request for Proposals in the State Register and posts the RFP on the DHS website.

Community Housing Development Organizations (CHDOs) are nonprofit entities that may serve as owners, developers, or sponsors of affordable housing projects with access to a set-aside of a jurisdiction's federal HOME funds. Minnesota Housing has made an extensive effort to identify and work with CHDOs in its HOME programs and has certified approximately 30 organizations as CHDOs to date. In 2010, Minnesota Housing's Multifamily staff worked with one CHDO, the Southwest Minnesota Housing Partnership, to fund more than \$2.2 million in rehabilitation work on four existing affordable housing properties.

Programs available through the U.S. Department of Agriculture's Rural Development (RD) are an important source of assistance in Greater Minnesota. A variety of assistance is available, including: financing for the development of rental housing in rural areas, tenant-based rental assistance, and loans and grants to homeowners to rehabilitate their property. Minnesota Housing and RD continue to cooperate to provide affordable housing in small towns and rural areas. Minnesota Housing and RD staff work together as needed, on a case-by-case basis, with developers applying for Rental Rehabilitation funds. Minnesota Housing and RD architects coordinate work on jointly funded projects by sharing information concerning inspections and draws. In order to meet certain federal match requirements, RD proposals may obtain funding through applicable Minnesota Housing programs, e.g., Housing Trust Fund. DEED funds also may be matched with funds from RD to maintain affordability for communities and persons with low- and moderate-incomes and to finance public infrastructure. RD assistance is not provided through state agencies; therefore, in accordance with HUD instructions, data are not included in this performance report.

Minnesota's Regional Housing Advisory Groups (RHAGs), formed in 2003, provide forums for regional discussion among core housing stakeholders, including state agencies. State staff conduct consultations with the RHAGs who hold regularly scheduled meetings. During the RHAG consultations, attendees identify and prioritize the strengths and weaknesses of their regions, as well as housing and community development needs. State staff also conduct consultations with the Greater Minnesota Continuum of Care Committees. Groups represented on the Continuum of Care include community action agencies, homeless persons, funders, advocacy groups, faith-based organizations, non-profit organizations, school systems, law enforcement, and local and state government agencies.

In an effort to coordinate resources for affordable housing Minnesota Housing, the Metropolitan Council, and the Family Housing Fund formed the Metropolitan Housing Implementation Group (MHIG) with the HUD area office, Minneapolis PHA, LISC, GMMHC, the Corporation for Supportive Housing, and the Minnesota office of FNMA as partners. MHIG investment guidelines are used in evaluating proposals for the development of affordable housing in the metropolitan area. MHIG agencies cooperate in advertising for, reviewing, and selecting development proposals for funding. MHIG cooperates with municipal governments to implement the provisions of the Metropolitan Livable Communities Act.

The Interagency Stabilization Group (ISG) has been working with local nonprofits and units of government since 1993. The ISG coordinates funds for the stabilization and preservation of qualifying assisted rental housing. ISG members include Minnesota Housing, the Family Housing Fund, the McKnight Foundation, the Minneapolis Community Development Agency, the Saint Paul Planning and Economic Development Department, LISC, HUD, and the Federal Home Loan Bank.

The Greater Minnesota Interagency Preservation Work Group is a consortium of public and nonprofit agencies created to work together to cooperatively address the preservation of federally assisted rental housing in Minnesota outside of the Twin Cities metro area. The participants include Minnesota Housing, HUD, USDA, DEED, Federal Home Loan Bank of Des Moines, Duluth LISC, and the Greater Minnesota Housing Fund. By coordinating information about properties at risk of converting to market rate housing or at risk of loss due to physical deterioration, the participants are able to more strategically target their combined resources.

The Interagency Task Force on Homelessness was established by state statute in 1990 to: 1) investigate, review, and improve the current system of service delivery to people who are homeless or at risk of becoming homeless; 2) improve coordination of resources and activities of all state agencies relating to homelessness; and 3) advise Minnesota Housing in managing the Family Homelessness Prevention and Assistance Program (FHPAP). In 2008 the Minnesota Interagency Council on Homelessness was formed to replace the Interagency Task Force. The Council includes the following state departments: Corrections, Employment and Economic Development, Human Services, Housing, Public Safety, and Veterans Affairs, with the Department of Human Services represented by the offices of Mental Health, Chemical Health, Economic Opportunity, and Community Living Supports.

The Interagency Council coordinates and supports the regional Continuum of Care committees, regional advisory groups to the FHPAP, Minnesota's work on the Homeless Management Information System (HMIS), and all state programs impacting homelessness.

In addition to the Interagency Council, Minnesota has a broad-based community presence in preventing and ending homelessness. Called Heading Home Minnesota (HHM), this group includes philanthropic, faith and business leaders from the private sector. HHM's primary goals are to raise awareness about homelessness (and especially about the potential to end homelessness) throughout the state, to coordinate regional plans to prevent and end homelessness (there are now seven such plans in Minnesota) and to bring resources of the private sector to bear on creative solutions to homelessness.

The goals of Minnesota's Business Plan to End Long-Term Homelessness are to: 1) reduce the number of Minnesotans who experience long-term homelessness; 2) reduce the inappropriate use of crisis services; and 3) improve employability and other outcomes for families and individuals experiencing long-term homelessness. This state plan for ending long-term homelessness in Minnesota by 2010, published by the Working Group on Long-Term Homelessness, calls for the collaboration of governmental entities; private sector developers and businesses; and nonprofits, charitable groups and faith-based organizations. The state "recalibrated" the plan in

2010 based on difficult economic conditions that prevented the plan from being completed as intended.

The plan facilitates the coordination of supportive housing efforts between funders, providers of services, and housing developers to make better use of currently available funding streams. Between 2004 and 2015, the plan estimates a total of \$483 million will provide 4,000 supportive housing opportunities (supportive housing units or vouchers) for households experiencing long-term homelessness. Resources will include federal, state, local, philanthropic and private contributions. For additional details or a copy of the original and “recalibrated” plan, call Minnesota Housing or check this website: www.mnhousing.gov/initiatives/housing-assistance/homelessness/index.aspx

The Minnesota HIV Housing Coalition (formerly called the Coalition for Housing for Persons with HIV) was formed in 1993 to facilitate access to quality housing and appropriate support services for individuals and families living with HIV in Minnesota. The Coalition advises the City of Minneapolis and Minnesota Housing on the expenditure of HOPWA funds. Minnesota Housing and the City of Minneapolis collaborate in allocating HOPWA funds to projects throughout the state for which sponsors seek assistance through the Request for Proposal process. Minnesota Housing continues to collaborate with DHS on outreach efforts to ensure that the state addresses the needs of the HIV/AIDS population outside the 13-county Twin Cities metro area. DHS, which has a broad understanding of regional HIV/AIDS issues and programs, is the official administrator of federal Ryan White Part B and AIDS Drug Assistance Program (ADAP) funding for Minnesota. As the Part B Grantee, DHS is charged with addressing the needs of persons living with HIV throughout the entire state of Minnesota.

Improve public housing and resident initiatives

The state does not own public housing or administer public housing funds.

Public housing rehabilitation is an eligible use of SCDP funds for which housing authorities may apply to DEED. The rehabilitation of public housing is not an eligible use of HOME funds.

Evaluate and reduce lead-based paint hazards

DEED’s and Minnesota Housing’s federally funded programs comply with the lead-based paint requirements of 24 CFR Part 35.

In 2007 Minnesota Department of Health (MDH) was awarded \$1,413,100 in Lead Hazard Control funds. This second round of funding will help remediate lead in 138 properties. In 2003, DEED and MDH partnered to implement a Lead Hazard Control grant in the amount of \$2.43 million dollars and remediate lead in over 300 properties. The purpose of the program is to identify and correct lead based paint hazards in

homes occupied by low and moderate income families with children less than six years of age. The primary responsibility for managing the grant program is with MDH in partnership with DEED. Agencies administering Small Cities Development Program grants through DEED will be eligible for funding and will carry out the implementation and administration of the Lead Hazard Control Grant Program on the basis of executed grant agreements with MDH.

For better coordination of state programs, DEED has adopted MDH's priority of addressing only those homes with pregnant women and/or children under six years of age. This policy has also been adopted by the Environmental Protection Agency.

DEED has a lead hazard reduction policy that requires notification of residential owners, inspection of deteriorated paint, correction and removal, if applicable, in accordance with HUD/MDH requirements. In addition, all grantees are required to include in all residential rehabilitation contracts language which prohibits the use of lead paint and requires contractors to carry out rehabilitation in accordance with lead safe work practices where applicable with particular attention to residential units with pregnant women or children less than six years of age.

The state has made substantial progress in improving the lead hazard reduction infrastructure in Minnesota since implementation of 24 CFR Part 35. As of June 2009, the LHCG grant in partnership with MN Department of Employment and Economic Development (DEED) has completed 38 properties. The Lead Hazard Control funds provided over \$184,000 in lead remediation along with DEED's Small Cities Development Program (SCDP) providing over \$176,000 in funds for lead remediation.

Lead hazard reduction is an eligible improvement in state- and Minnesota Housing-funded property improvement and rehabilitation loan programs. In December 2004, the Minnesota Housing board of directors approved a lead-based paint policy of substantially complying with the HUD lead rule (24 CFR Part 35) in state-funded programs with health and safety requirements. When Minnesota Housing provides non-federal funds through its consolidated RFP that constitute a substantial portion of a rental project's funding, or when the agency's funds are secured with a first mortgage, an analysis of lead-based paint is conducted as part of the environmental review and hazards are mitigated.

DEED and Minnesota Housing have been members of the Minnesota Childhood Lead Poisoning 2010 Elimination Plan Advisory Workgroup. The mission of the workgroup was to provide technical expertise and advisory support to the Minnesota Department of Health (MDH) through the development of a strategic plan to eliminate childhood lead poisoning by 2010. The workgroup's report was updated in September 2008 and is available on the MDH website at:

www.health.state.mn.us/divs/eh/lead/reports/2010planfinal2008.pdf

DEED and Minnesota Housing are also members of the Minnesota Collaborative Lead Education and Assessment Network (M-CLEAN), which is convened by the Minnesota Department of Health. Members are all state and local government and nonprofit organizations dealing with lead-based paint and public health. M-CLEAN provides a forum for sharing information among its members, and for providing, on an informal basis, a sounding board for possible lead policies.

In addition to the above activities, the Environmental Health Division of the State of Minnesota's Department of Health oversees a comprehensive lead remediation program that includes testing, health care and environmental remediation. The program is largely funded by federal dollars (HUD and Centers for Disease Control and Prevention), with additional funding provided by the state's general fund. For more information see: www.health.state.mn.us/divs/eh/lead/index.html

Ensure compliance with program and comprehensive planning requirements

In 2010, the state certified 11 local affordable housing projects or programs submitted to DEED for review for consistency with the state's Consolidated Plan.

Minnesota Housing has a longstanding commitment to advancing sustainable building and land use in the affordable housing sector. The agency encourages sustainable, healthy housing that optimizes the use of cost effective durable building materials and systems and that minimizes the consumption of natural resources both during construction/rehabilitation and in the long-term maintenance and operation of housing.

Having applied revised sustainable design criteria to new multifamily development beginning in 2007, the agency completed implementation of these criteria in its Community Revitalization Program in 2008 and for the rehabilitation of Multifamily rental housing in June of 2009. To understand more about Minnesota Housing sustainable design criteria in single and multifamily programs visit:

http://www.mnhousing.gov/idc/groups/multifamily/documents/webcontent/mhfa_008011.pdf

Reduce the number of persons living below the poverty level

The Office of Economic Opportunity (OEO) at DHS administers a variety of federal and state funded anti-poverty and self-sufficiency programs, allocating more than \$40 million a year in federal and state appropriations to approximately 200 organizations and programs working with low-income families in Minnesota. These programs (including assistance to people experiencing homelessness) address families' basic social needs while providing opportunities for the development of the skills necessary for economic self-sufficiency.

The Minnesota Family Investment Program (MFIP) is the state's major welfare reform initiative for low-income families with children. MFIP's three main goals are to help

people leave and remain independent of welfare, obtain and keep jobs, and increase income/decrease poverty. Efforts to ensure that the state meets MFIP goals include: employment and job training services, health care assistance, and child care subsidies for MFIP families. This includes a diversionary work program that helps people to find employment before they reach the need for MFIP.

Data from a DHS longitudinal study of MFIP shows that the proportion of recipients with family income below federal poverty guidelines decreased by 22 percentage points over a 10-year period; however, the percentage in deep poverty rose. More information about the study and about assistance under MFIP is available at: www.dhs.state.mn.us

F. Leveraging Resources

DEED leverages its SCDP housing rehabilitation funds with Minnesota Housing, Rural Development, lender, and property owner contributions. Each applicant jurisdiction is expected to provide as much local money as practicable, contingent upon the financial capability of the applicant. DEED and Rural Development coordinate funds for correcting or improving public infrastructure especially for low- and moderate-income communities. DEED staff estimate that SCDP projects historically have leveraged nonfederal funds in an amount at least equal to SCDP funds.

In FFY 2009, HOME provided 41 percent of the total funds used in completed HOME Rental Rehabilitation projects with the remainder provided by resources from other public or private entities and from property owners. Minnesota Housing has used Housing Tax Credits as well as HOME funds for the development of affordable rental housing in conjunction with other contributions. Under the HOME program, each participating jurisdiction must contribute funds to affordable housing in an amount that is not less than 25 percent of HOME funds drawn from a jurisdiction's HOME Investment Treasury account during the reporting period. Minnesota met HUD's HOME match contribution requirement in FFY 2009 and carried over qualifying excess match dollars to FFY 2010.

Minnesota Housing also leverages federal funds and funds from outside the agency in other state or agency funded assistance programs such as the Economic Development and Housing Challenge Fund, the Housing Trust Fund, and the Low and Moderate Income Rental Program. Local contributions are essential to the provision of affordable housing and community development and have included donations of land, write-down of project costs, tax increment financing, and municipal financing. Under the Mortgage Revenue Bond-financed Community Set-Aside, Minnesota Housing gives priority during the selection process to those proposals that demonstrate local investment pursuant to a housing plan, local government participation that reduces costs, and the extent to which private investors (e.g., local employers) contribute. Under the state-appropriated Challenge Fund, legislation requires that at least 50 percent of Challenge funds must be utilized in projects that include a financial or in-

kind contribution from an area employer and a contribution from at least one of the following: local unit of government, private philanthropic organization, religious organization, or charitable organization.

Minnesota's private foundations have contributed their resources to a variety of single family programs and multifamily projects; the McKnight and Blandin Foundation funding of the Greater Minnesota Housing Fund is one example of this contribution. The Greater Minnesota Housing Fund provides opportunities for the development of affordable housing programs and projects outside the Twin Cities metro area. The contributions of foundations and nonprofit organizations to affordable housing development, while significant, are not reported to state agencies and cannot be documented here. (*Minnesota's Consolidated Plan for Housing and Community Development* includes a list of major foundations and nonprofit organizations in Minnesota that work to provide or promote affordable housing.)

ESG requires a one-to-one matching of funds. In FFY 2010, DHS used state funds (\$2,933,725 in Transitional Housing Program funds and \$343,700 in Emergency Services Program funds) to meet the Emergency Shelter Grant Program matching requirement.

Under Projects for Assistance in Transition from Homelessness (PATH), in FFY 2010 DHS disbursed \$748,000 in federal PATH funds and \$568,049 in matching state funds for PATH (only \$249,333 was required for the match). The combined resources funded mental health staff to provide homeless outreach, engagement, and housing and service linkage to 1,793 enrolled households. The decrease in the number of enrolled households from FFY 2009 is primarily the result of yearly fluctuations in need and service provision. Additionally, technical assistance has been provided to PATH providers to clarify criteria for PATH eligibility. This may have an impact on PATH enrollment, as eligibility is refined. The number of persons contacted by PATH staff fluctuated from 4,500 in FFY 2009 to 4,044 in FFY 2010.

G. Citizen Comment

Minnesota state agencies use the Consolidated Planning process to maintain awareness of local assistance needs. DEED takes the lead in conducting public hearings and forums on the Consolidated Plan/CAPER, annually, in various areas around the state.

The state notified the public of the availability of the draft in the *State Register* and the *Tribune*. The draft CAPER for 2010 was available for public comment for 30 days, beginning October 18, 2010 and extending through the close of the business day on November 19, 2010. Copies of the CAPER were posted in the websites of Minnesota Housing and DEED, mailed to depositories (e.g., local libraries) throughout the state, and photocopies were available from Minnesota Housing and DEED upon request.

H. Self-Evaluation

The state has identified the objectives and expected outcomes for federally funded housing and community development assistance as follows:

Housing and Community Development Objectives and Outcomes			
<i>SCDP Activities</i>	Objective	Outcome	Objective 1 Create suitable living environments 2 Provide decent affordable housing 3 Create economic opportunities
Owner Occupied Rehab	2	1	
Rental Rehabilitation	2	1	
Commercial Rehabilitation	3	3	
Public Facilities Projects	1	3	
New Construction	2	2	
Homeownership Assistance	2	2	
Relocation	2	1	
Acquisition	1	1	
Clearance	1	1	
<i>HOME Activities</i>			Outcome 1 Availability/accessibility 2 Affordability 3 Sustainability
Owner Occupied Rehab	2	2	
Downpayment Assistance	2	2	
<i>HOPWA Activities</i>			
Emergency rent, mortgage, utility assistance	2	2	
<i>ESG Activities</i>			
Emergency Shelters	1	1	
Homeless Prevention	2	2	

In general, the state met or exceeded assistance goals for 2010 as shown in the following table, which uses both numbers of units assisted and incomes of assisted households as indicators of progress toward achieving goals. Economic conditions continued to make housing production difficult, which may have been a factor in some unmet goals.

The 2010 planned and actual numbers for ESG assistance are significantly lower than in previous years because prevention activities were not funded under ESG, including several large programs for which assistance had been reported in previous years.

Minnesota Housing began funding the rehabilitation of rental units with state appropriations in 2010 rather than HOME funds, which Minnesota Housing determined would be more effectively used for the rehabilitation of owner-occupier homes. This change in funding streams may have caused a slow-down in assistance as rehab administrators adjusted to unfamiliar HOME program guidelines.

For HOME downpayment assistance to homebuyers, the state revised its projection to 543 households for 2009 (see the Action Plan for 2009, 91.320g) after the average amount per loan rose to over \$14,000. The availability and accessibility of affordable financing,

e.g., more stringent underwriting requirements, may have restricted the ability of low income homebuyers to purchase homes despite decreasing house prices.

Data available through the IDIS Housing Performance Report indicates that all HOME-funded activity in 2009 fulfilled the objective of providing decent, affordable housing.

Property owners are required to provide some of their own funds to match CDBG funds. In price-sensitive times, many rental property owners may not be willing or able to increase rents to cover the costs of capital invested in their properties as required by the program.

All households projected to be served under CDBG are low income; the state did not project the numbers to be assisted by specific income category therefore the numbers of renters and owners in the following table (**Projected and Actual Assisted Households by Income Group**) include only HOME-assisted households at this time.

Among assisted renters in all programs, the state assisted more households than anticipated except in the highest income group (51 percent to 80 percent of area median income).

Priority Housing Activities/Investment Plan Table
Projected and Actual Assisted Households

		Year 1 (2007)		Year 2 (2008)		Year 3 (2009)		Year 4 (2010)	
Priority Need	5-Yr. Goal Plan	Plan	Actual Activity	Plan	Actual Activity	Plan	Actual Activity	Plan	Actual Activity
CDBG									
Acquisition for rehab	35				3	0	0		
Acquisition of real property			11		120	0	6		
Homeownership assistance		13	17	7	3	4	2	0	
Rehabilitation of existing rental units	920	184	167	120	73	150	169	80	
Rehabilitation of existing owner units	2,660	532	646	373	464	350	443	375	
Production of new housing units	70	14	32			28	18	100	
Relocation			7		1	0	0		
HOME									
Acquisition of existing rental units									
Production of new rental units									
Rehabilitation of existing rental units	2,250	450	441	450	362	450	580	125	
Rental assistance									
Acquisition of existing owner units									
Production of new owner units									
Rehabilitation of existing owner units								120	
Homeownership assistance	310	62	62	1,090	61	543	399	280	
HOPWA									
Rental assistance									
Short term rent/mortgage utility payments	600	135	125	110	139	110	167	150	
Facility based housing development									
Facility based housing operations									
Supportive services									
ESG*		24,970	19,383	24,970	26,441	24,970	30,386	9,743	13,144

* Individuals assisted

Priority Housing Needs/Investment Plan Table
Projected and Actual Assisted Households by Income Group

		Year 1 (2007)		Year 2 (2008)		Year 3 (2009)		Year 4 (2010)	
Priority Need	5-Yr. Goal Plan	Plan	Actual Activity	Plan	Actual Activity	Plan	Actual Activity	Plan	Actual Activity
Renters									
0 - 30 of MFI	1,215	243	257	243	202	243	372		
31 - 50% of MFI	720	144	129	144	119	144	168		
51 - 80% of MFI	315	63	31	63	41	63	40		
Owners									
0 - 30 of MFI	60	12	5	12	3		9		
31 - 50 of MFI	95	19	13	19	20		87		
51 - 80% of MFI	155	31	44	31	28		261		
Homeless*									
Individuals		19,383	24,970	24,970	26,441	24,970	30,386		
Families									
<i>Non-Homeless Special Needs</i>									
Elderly									
Frail Elderly									
Severe Mental Illness									
Physical Disability									
Developmental Disability									
Alcohol or Drug Abuse									
HIV/AIDS*	600	135	125	110	139	110	167		
Victims of Domestic Violence									
Total (Sec. 215 and other)**		20,030	25,574	25,592	26,993	25,592			
Total Sec. 215									
215 Renter**									
215 Owner									

* These are homeless persons assisted. HOPWA and ESG do not require the affordability standards of 92.252 and 92.254 to be met.

**Includes households assisted under SCDP programs. All SCDP beneficiaries were projected to have incomes at or below 80 percent of area median income; however, the state did not project numbers of households to be served through SCDP by specific income categories in the five-year plan.

Minnesota also provides housing and community development assistance through a variety of state or agency-funded programs. Activities include: homeownership financing to first-time buyers; deferred loans or grants to homeowners to improve the property they occupy; deferred loans or grants to communities to meet local revitalization needs; and construction, acquisition, and rehabilitation of affordable rental housing through first mortgages, deferred loans, and operating subsidies to housing sponsors.

The state provides homeownership opportunities through the sale of tax-exempt mortgage revenue bonds and state- or Minnesota Housing-funded entry cost assistance programs. The Minnesota Legislature appropriates funds for homeownership education, counseling and training, and foreclosure prevention assistance available through local providers as well as Family Homeless Prevention and Assistance. Under the state-funded Capacity Building Grant Program and the Minnesota Housing-funded Nonprofit Capacity Building Revolving Loan Program, the state provides assistance to local nonprofit organizations to increase their capacity to meet local housing needs.

With various DEED funding sources and programs available, communities can undertake activities to strengthen communities and their housing stock in a coordinated and simultaneous approach. DEED provides resources for cleanup of contaminated sites through its state-funded Contaminated Cleanup and Redevelopment. The Public Facilities Authority lends funds to communities for sewer improvement and water improvement projects.

The Minnesota Department of Human Services serves more than 16,000 elderly and disabled people per month under the state-funded Group Residential Housing program (GRH). This is a state-funded income supplement program that pays room-and-board costs for low-income adults who have been placed in a licensed or registered setting with which a county human service agency has negotiated a monthly rate.

Minnesota state agencies report to the Governor and the public at least annually on their performance toward achieving established goals. The progress of state agencies toward achieving their overall goals is measured by a variety of indicators; results may be reviewed at: www.accountability.state.mn.us/

I. Monitoring

The following describes the monitoring plans set forth by each program and outcomes of the on-site inspections completed in 2009 for HOME-funded units.

HOME Rental Rehabilitation

There were 12 contractors (local administrators) that assisted in the delivery of the HOME Rental Rehabilitation Program. Local administrators were monitored on a continuous basis as every loan file submitted was reviewed for compliance with HOME and Minnesota Housing requirements; if found to be deficient, either the deficiency was corrected or the file was not funded. This monitoring is ongoing and staff does not keep records of the specific items that suggest a need for training, but deal with deficiencies as they arise.

Staff reviewed 10 administrators in 2009; administrators that closed projects during the year were selected for on-site review.

Minnesota Housing staff inspected the administrators' files, all of which had the correct documentation. Staff also inspected 161 HOME-assisted units in 39 developments. In all of those, units met rent requirements, households met income requirements, and all applicable documents were on file; however, in 11 of the developments, 52 units did not meet HQS standards, (e.g., disabled smoke detectors, globes missing from light fixtures). A significant number of findings were that missing switch or outlet covers that had been removed for painting at unit turn-over. All deficiencies were corrected.

Minnesota Housing HOME Unit Inspections

Property address	City	Results	Units not in compliance
914 Lake May Dr	Akeley	In Compliance (5)	
956 2nd St S	Motley	In Compliance (5)	
115 6th St NE	Staples	In Compliance (2)	
508 2nd Ave NE	Staples	In Compliance (3)	
220 4th St NE	Staples	In Compliance (3)	
301 11th St NE	Little Falls	In Compliance (5)	
1730 Old W Main St	Red Wing	In Compliance (1)	
301 4th St E	Red Wing	In Compliance (1)	
719 1st St SW	Rochester	Minor HQS violations- have since been corrected (8)	Exterior issues
1330 2nd St	Rochester	Minor HQS violations- have since been corrected	5
307 3rd Ave NW	Rochester	In Compliance (4)	
115-117 8th St E	Zumbrota	No access to units, exterior complies	
145 2nd Ave NE	Elgin	No access to units, exterior complies	
130 1st St SW	Elgin	No access to units, exterior complies	
204 Front St E	Albert Lea	In Compliance (10)	
221 Walnut St	Mankato	Minor HQS violations- have since been corrected (6)	2
914 2nd St N	Mankato	Minor HQS violations- have since been corrected	3
301 & 315 Frazee	Vergas	In compliance	
500 3rd St.	Perham	In compliance	

Minnesota Housing HOME Unit Inspections (continued)

Property address	City	Results	Units not in compliance
26 W. Mill St.	Pelican Rapids	At the time of inspection violation Now in compliance	Interior mold remediation
Tamarac Village	Underwood	In compliance	
913 Vernon	Fergus Falls	In compliance	
22-24 5 th St NW	Glenwood	In compliance	
317 7 th Ave	Alexandria	In compliance	
321 7 th Ave	Alexandria	In compliance	
1019 Bryant	Alexandria	In compliance	
305 4 th Ave	Alexandria	In compliance	
480 Main	Osakis	In compliance	
2414 3 rd Ave.	Moorhead	Minor HQS violations have been corrected	5
2805 & 2815 5 th St. S.	Moorhead	In compliance	
421 1 st St. E.	Thief River Falls	In compliance	
118 Conley	Thief River Falls	No access to units exterior complies	
Sunrise View Apts	Warren	HQS violations Since been corrected	All 24 units no hard wired smoke detectors in bedrooms
Fosston Homes	Fosston	In compliance	
Westbrook Apts.	Westbrook	Minor HQS violations have since been corrected	8
Grove City Community Homes	Grove City	Minor HQS violations have since been corrected	1
303 Whited St.	Jeffers	Minor HQS have since been corrected	2 water heater overflow pipe
Fairview Apts.	Fairview	In compliance	
503 2 nd Ave. SW	Pipestone	Minor HQS violations have since been corrected	1

Local administrators also provided compliance monitoring reports on HOME units; the report will be shown in the Appendix to this CAPER.

Minnesota Housing, local administrators, and property owners work together to correct any deficiencies within 30 days of identification.

HOME HELP

Minnesota has implemented the following monitoring procedures for HOME HELP inspector contractors and lender contractors:

HOME HELP Inspector Acceptance and Monitoring Procedure

1. Lender applications for HOME HELP will be accepted on an ongoing basis.
2. Minnesota Housing staff will ensure the lender is not suspended or debarred prior to signing lender agreement.
3. A Housing Program Professional will review each of the documents identified on the HOME HELP Pre-purchase Loan Transmittal for compliance before approving the loan for purchase.
4. Instances of non compliance and the corrective actions will be documented.
5. Bi-monthly performance reports will be reviewed, evidence of deficiencies noted, and corrective training conducted.
6. Given the detailed review of each loan, staff will not conduct on-site monitoring of lenders unless there are repeated instances of inadequate documentation or non compliance. On site monitoring (if conducted) will include a review of their processes and the provision of corrective training.

HOME HELP Inspector Acceptance and Monitoring Procedure

1. Inspector qualification requirements are delivered through Minnesota Housing's HOME HELP Inspection Services Request for Proposal (RFP).
2. Submission information requirements are outlined in the RFP. The inspector's submission documents establish the presence or absence of local housing quality standards and their qualifications to apply HUD HQS standards in the absence of local standards.
3. Minnesota Housing staff will check the EPLS to ensure contractor is not suspended or debarred prior to signing inspector contract.
4. To ensure compliance, Minnesota Housing's contract with inspectors requires them to provide Minnesota Housing with copies of local housing quality standards where they exist, and obligates inspectors to inspect to the local standard where they exist or to HUD HQS when local standards do not exist.
 - a. Minnesota Housing will audit and monitor inspection contractors as an added measure to ensure compliance.

Housing Opportunities for Persons with AIDS

Rent and emergency assistance projects monitoring includes:

- Monthly review of administrative budget, production, and utilization of funding.
- Evidence that the grantee is collecting appropriate demographic data.
- Biennial site visits to the grantee to review the following:
 - Policies and procedures
 - Compliance with audit procedures
 - Documentation of compliance with time limits for assistance

- Documentation of all aspects of tenant eligibility
- Documentation that each participant was provided an opportunity to receive case management services
- Source documentation of rental, mortgage, or utility expense

Emergency Shelter Grants Program

Each year DHS program staff review all ESGP grantees using a risk analysis tool created with technical assistance from HUD. The tool has four broad areas of analysis:

- General agency information. This includes such factors as new executive director or fiscal director, previous monitoring results, identification of difficulties in a variety of areas, or a new grantee.
- Program operations. This includes compliance and reporting issues, policies and procedures.
- Fiscal operations. This includes financial information such as reporting, audit findings, delinquencies, turnover in accounting staff.
- Agency Board of Directors/Executive Management. This includes agency mission, roles and responsibilities, conflicts, negative press, board issues.

Use of the tool allows DHS staff to determine if a grantee needs immediate attention or if the grantee can receive a visit as part of regular monitoring. In either case, the focus of the monitoring will include any areas highlighted by the risk analysis tool. A regular monitoring rotation ensures grantees are monitored at least once during every grant cycle (every two years).

Grantee issues also may be identified through monitoring visits by state agency staff. Monitoring looks at the overall agency capacity to deliver services determined through a guided discussion that includes managers as well as direct service staff. Areas of discussion may include an overview of the strengths and challenges facing the community and participants, coordination and collaboration efforts, goals and outcomes, staffing and communication, information management, fiscal systems, and governance. A random selection of files is reviewed to check on specific documentation of: homelessness, disability status, target population, on-going assessment, follow-up, and supportive services. In addition, there is verification of homeless participation in policies and project development, the full number of participants being served, and the timeliness of grant expenditures.

Grantees receive a report on the monitoring visit within a month of the visit. Issues such as late reporting must be corrected immediately. Capacity building occurs as the field representative provides assistance to the grantee during the year. Program staff worked collaboratively with monitoring staff to develop the new monitoring instrument, which is reviewed and updated regularly.

Community Development Block Grant

It is DEED's standard that each grantee be monitored through an on-site visit at least once during the term of the funding agreement. Follow-up monitoring may occur if there are significant findings of noncompliance with program requirements to ensure that problems have been corrected or if other indicators of program noncompliance or administrative difficulties become apparent from reviews of program documents, telephone conversations, or other sources.

The monitoring process includes a review of a sample of files to determine compliance with program requirements and the existence and application of good financial management practices. A monitoring checklist/guide has been developed by DEED as a tool to assist in the monitoring process. Results of the monitoring are discussed with each grantee, and issues and their resolution are put in writing and sent to the appropriate officials of the grantee. All grants are subject to monitoring to ascertain whether the activities stated within the approved application address federal objectives, are eligible activities, and if adequate progress has been made by the grantee within the time period stated in the funding agreement.

Program Narratives

III. CDBG Program Narrative

The primary objective of the Small Cities Development Program (SCDP) is to develop viable urban communities by providing decent affordable housing and suitable living environments. SCDP does this by expanding economic opportunities, principally for persons of low and moderate income. SCDP funds can be used for a variety of activities, most often to address community needs for owner-occupied housing rehabilitation, rental and/or commercial rehabilitation, or public facility improvements.

Proposals may either be a Single Purpose or Comprehensive Application:

Single Purpose applications must consist of one or more activities designed to meet a specific housing or public facilities need within a community;

Comprehensive applications must consist of at least two interrelated projects that are designed to address community development needs and which, by their nature, require a coordination of housing, public facilities or economic development activities.

All proposals submitted must meet one of three federal objectives:

- Benefit to low and moderate income persons;
- Elimination of slum and blight conditions, or;
- Elimination of an urgent threat to public safety

All proposals recommended for approval must provide evidence of meeting, at a minimum, one of these federal objectives.

Proposals were due on January 15, 2009 under the Small Cities Development Program (SCDP) request issued by DEED. All SCDP proposals were evaluated and ranked by

both a lead and backup reviewer on need, impact, cost effectiveness, organizational capacity and leveraging of non-SCDP resources. Demographic information was provided by the state demographer's office and ranking was based on the number and percentage of people in poverty in a specific area.

The lead reviewer was responsible for presenting their scoring recommendations to the selection committee that was comprised of all SCDP Regional Representatives. During selection meetings, comments and suggestions were received from all staff in determining application scores.

For applications that had a public facility component, SCDP staff contacted representatives from Rural Development, Minnesota Pollution Control and Public Facilities Authority for their input. Additionally, applications that focused on rental or homeownership development received insight and recommendations from both Minnesota Housing and the Greater Minnesota Housing Fund.

DEED announced the following amount of CDBG funds were available for the program in 2009:

HUD 2009 CDBG Award:	\$20,813,869
Administrative Amount:	\$- 516,277
Amount available for awards from CDBG:	\$20,297,592
Amount provided to Economic Development (15%):	\$ -3,044,639
Amount available from HUD for SCDP grants:	\$17,252,953
 HUD 2009 CDBG-R Award:	 \$ 5,561,420
Administrative Amount	\$ -478,462
Amount available for awards from CDBG-R:	\$ 5,082,958
 Reverted funds from Economic Development	 \$+1,548,370
Reverted funds from SCDP	\$+1,932,998
Total amount available for SCDP Grants in 2009:	\$25,817,279

For 2009, the following is the funding breakdown for this year's awards:

- 54% For owner occupied rehabilitation;
- 17% For commercial rehabilitation;
- 12% For public facility projects;
- 10% For rental rehabilitation;
- 7% For rental/new development

The Commissioner has the authority to modify these percentages if it has been determined there is a shortage of funding in any category. For 2009, there were 69 pre-applications submitted requesting over \$40.1 million. From those pre-applications, 49 full applications were submitted requesting \$28,136,739.

The following is an overview of the number of full applications received, the amount of SCDP funds requested, the number of projects within each region recommended for approval and the recommended SCDP award amounts in 2009:

SCDP Requests and Recommended Awards in 2009

Region	# of Full Applications Received	SCDP Funds Requested in Full Applications	Number of Applications Recommended for Approval Per Region	Recommended SCDP Award Amount Per Region
1	6	\$4,551,316	6	\$2,513,194
2	1	\$600,000	1	\$344,000
3	4	\$3,199,313	4	\$2,387,335
4	5	\$2,807,495	5	\$2,134,461
5	6	\$1,993,577	6	\$1,768,180
6E	3	\$1,736,003	3	\$1,561,876
6W	4	\$2,408,601	4	\$1,927,710
7E	1	\$425,000	1	\$425,000
7W	2	\$523,390	2	\$413,520
8	6	\$3,270,236	6	\$2,623,458
9	4	\$2,719,140	4	\$2,064,270
10	5	\$2,888,668	5	\$2,295,578
11	2	\$1,014,000	2	\$893,250
TOTALS	49	\$28,136,739	49	\$21,351,832

Based on application evaluations, staff recommended approval of 49 proposals totaling \$21,351,832.

IV. HOME Program Narrative

Assessment of Relationship of HOME Funds to Goals and Objectives

The state used its HOME allocation in 2010 to fund two activities: rehabilitation of owner-occupied properties and downpayment assistance to first-time homebuyers. Activity reported under the HOME Rental Rehabilitation Program was funded with resources carried over from previous allocations.

Minnesota Housing designated HOME formula grant funds received for 2010 as follows:

Minnesota Housing Allocation of HOME Funds for 2010

Program or activity	Allocation of funds	Percentage of funds
Rehabilitation		
Downpayment assistance for first-time homebuyers		
Agency overhead		
Total		

The state does not use HOME funds for tenant-based rent assistance, given the amount of assistance already available through the Section 8 Housing Assistance Payments Program. According to HUD's **Resident Characteristics Report as of September 30, 2009**, housing authorities in the state administer 30,000 Section 8 certificates and vouchers. In addition, the state legislature's biennial appropriation to Minnesota Housing includes funding for tenant-based rental assistance.

As a program shift for 2010, Minnesota Housing has determined that funding the multifamily Rental Rehabilitation Program with state appropriations and the Rehabilitation Loan Program for homeowners with HOME funds would improve the delivery and administration of each program. The shift to state appropriations as a funding source for the Rental Rehabilitation Program and HOME as a funding source for the Rehabilitation Loan Program was approved by the 2009 Legislature and implemented at the beginning of FFY 2010.

HOME Rental Rehabilitation funds have been available in communities throughout the state that did not receive entitlements directly from HUD. HOME-funded Rehabilitation Loans to homeowners will be available statewide.

Projects completed in 2009 included a total of \$15,293,471 in HOME funds for affordable housing for 979 low-income households, including 399 loans to first-time homebuyers and 580 units of rehabilitated rental housing occupied by low-income tenants.

The proportion of all HOME-assisted households of color has changed from 17.4 percent of all HOME-assisted households in FFY 2006 to 19.9 percent in FFY 2010. The location of properties purchased or rehabilitated in any given year affects the opportunity to serve households of color.

In 2009, Minnesota Housing provided HOME HELP downpayment assistance to first-time homebuyers in conjunction with the Community Activity Set-Aside Program (CASA), first mortgage financing targeted to emerging market borrowers. The use of

HOME HELP with CASA and the fact that increasing the homeownership rate among emerging markets is one of Minnesota Housing's five strategic goals contributed to the relatively high percentage of homebuyers of color served.

**Households Assisted under
Minnesota Housing's HOME-Funded Programs, FFY 2009**

Race of householder	Percent of homebuyer households	Percent of renter households	Percent of total HOME- assisted
American Indian or Alaskan Native	0.0%	1.7%	1.0%
Asian	17.0%	0.7%	7.3%
Black or African American	14.7%	1.6%	6.9%
Native Hawaiian or other Pacific Islander	0.0%	0.0%	0.0%
Balance/Other	0.8%	0.5%	0.6%
White Hispanic	8.4%	1.2%	4.1%
White nonHispanic	59.1%	94.3%	80.1%
Total	100.0%	100.0%	100.0%
Percent of color	40.9%	5.7%	19.9%

Using Census Bureau procedures, household race and ethnicity information shown here is based on characteristics of the householder, only. According to information from the Census Bureau's 2008 *American Community Survey*, an estimated 11 percent of the households in Minnesota were headed by a person identified as being of a race other than white or of Hispanic ethnicity.

HOME Program Annual Performance Report

[Insert updated form *HUD-40107* here]

HOME Match Report

[Insert updated form *HUD 41017-A* here]

HOME MBE and WBE Report

Rehabilitation work was completed on 48 rental housing developments located primarily in Greater Minnesota during FFY 2009. One of the owners of these properties identified themselves as being a minority or women-owned businesses; note that many were ownership entities, corporations, or nonprofit organizations with no individual owner. No contractors or subcontractors were identified as minority-owned businesses; one was identified as women-owned. Since the state itself does not enter into these contracts, they are not reported on HUD form 40107.

Assessments

On-site inspections

To ensure program compliance, including property standards and HOME income guidelines, Minnesota Housing staff annually visit local administrators to review administrator files. Minnesota Housing and local program administrators also inspect HOME-funded developments. Local administrators report the results of their inspections to Minnesota Housing, as well as the results of tenant income surveys they conduct. Details of on-site inspections are available through Minnesota Housing and local administrators. These files are subject to review by HUD auditors, annually.

Minnesota Housing staff inspected the administrators' files as well as selected HOME-assisted units. A list of properties inspected by Minnesota Housing and the results may be found in this report in the section titled ***Monitoring***.

Local administrators provided compliance monitoring reports for an additional number of HOME units for compliance with housing codes, rent and income compliance. A list of properties inspected by local administrators is in the Appendix to this report.

Affirmative marketing actions and outreach to minority- and women-owned businesses

Each administrator receives a copy of the Minnesota Housing HOME Rental Rehabilitation Program Administrative Manual and each owner receives a copy of the Minnesota Housing HOME Rental Rehabilitation Owner's Manual. Minnesota Housing provides clear directions to administrators and owners about fair housing and equal opportunity requirements and implementation of those requirements. It outlines the purpose of the affirmative fair housing marketing plan requirements and provides guidance related to implementation, record-keeping, and monitoring, and specifically requests the completion of the Fair Housing/Equal Opportunity Compliance Form (HOME Form 10) every three years for properties with five units or more, and an Affirmative Fair Housing Marketing Plan (HOME Form 11) for projects with five or more units.

V. HOPWA Program Narrative

Since 1999 Minnesota Housing has received an annual allocation of HOPWA funds from HUD to provide housing assistance and support services to people outside the 13-county Twin Cities metro area (which is served through a grant to the City of Minneapolis). In 2010, Minnesota Housing received a HOPWA allocation of \$137,625 which has been committed to continue funding the Minnesota AIDS Project (MAP). MAP is an agency that has established statewide networks to deliver assistance in areas of need throughout Greater Minnesota. MAP's Greater Minnesota emergency housing assistance program has worked closely with HIV service providers in Greater Minnesota, including the Mayo Clinic's HIV Clinic and Social Services, Minnesota Health Project, the Rural AIDS Action Network, and MAP's own case management program in Duluth.

Minnesota Housing and the Department of Human Services collaborate to undertake outreach efforts that will ensure the needs of people with HIV/ AIDS living in Greater Minnesota are met. This collaboration allows for greater coordination in the implementation of HIV/ AIDS related projects.

In addition to emergency housing assistance, some of the activities funded with HOPWA grants in the past include a comprehensive needs assessment and the development of a five-year plan for meeting the housing needs of people living with HIV. To respond to the difficulty isolated Minnesotans experience in locating and accessing services, Minnesota HOPWA funds also have been used to fund an information and housing intervention network to connect participants to needed services that will help individuals maintain their housing or obtain housing.

Presently HOPWA funds are used to assist people living with HIV in Greater Minnesota to prevent homelessness through the provision of short-term emergency housing (rental and mortgage assistance) and utility payments. In FFY 2009, 70 percent of assisted households had incomes below 30 percent of area median income and 86 percent had incomes below 50 percent of area median income. HOPWA funds were used to assist households in 45 of the 76 counties in Greater Minnesota.

Case managers or service providers refer the majority of applicants for emergency assistance. As part of the application process, clients are asked to work with their case managers to strategize how they will be able to maintain their housing. Of the 167 households assisted with HOPWA, 113 received short-term assistance the previous year, and 78 the year before. This may include up to two months rent or mortgage assistance, and/or utility assistance, particularly as home heating costs during the winter in Minnesota have risen and can put a low-income household at risk of experiencing homelessness. Funding through HOPWA plays a significant role in helping persons living with HIV/ AIDS and their families living in Greater Minnesota maintain safe and affordable housing.

When persons living with HIV/AIDS have safe and affordable housing they improve their access to health care and other support services.

Following priorities set by the Minnesota HIV Housing Coalition, which acts as an advisory group to make recommendations for HOPWA funding, renewals for ongoing programs receive funding priority. There is a separate renewal process for ongoing HOPWA programs. If funds appropriated exceed the amount necessary to continue those programs at comparable levels, or if priorities change to address changing needs, those funds will be made available in the Minnesota Housing Multifamily Consolidated RFP process.

In 2007 and 2008, the Minnesota HIV Housing Coalition conducted strategic planning sessions in coordination with HUD Technical Assistance consultants to evaluate the potential roles for the Coalition in the future. The following principles have been adopted to guide the Coalition's work:

- Improve access to housing for people living with HIV/AIDS
- Expand the range of housing options for people living with HIV/AIDS
- Continue Quality Improvement provide housing and services based on promising best practices
- Provide advocacy and education

Minnesota Housing will continue to administer HOPWA funds for Greater Minnesota in cooperation with the Minnesota HIV Housing Coalition. Due to limited funds and high demand, it is expected that subsequent funding will go toward continuing the emergency housing assistance provided by the Minnesota AIDS Project in Greater Minnesota.

More detailed information on the availability or use of HOPWA funds is available by contacting Minnesota Housing or visiting this website:

www.mnhousing.gov/initiatives/housing-assistance/rental/MHFA_004599.aspx

General Project Sponsor Information (for each project sponsor):
1-C. Program Year 1 CAPER Specific HOPWA Objectives

Barriers	Strategies
1. There has been an increase in the number of people living with HIV in Greater Minnesota, and the need for financial assistance continues to grow. This population is struggling with limited financial resources and also increased cost of living expenses.	1. Working with other state agencies to make other funds available or leverage funds. The emergency housing assistance HOPWA program uses a lottery system each month and limits assistance to two months per household up to the monthly allotment of available funds, in order to ensure that the funds are available throughout the year.
2. Reduced state Human Services funding has resulted in fewer dollars for services, and caused the elimination of staff positions in the non-profit organizations delivering services to persons living with HIV/AIDS, and added many new responsibilities to the remaining staff.	2. Worked with other state agencies and nonprofits to survey the needs of persons with HIV/AIDS in rural Minnesota. Information from the survey was used to target funding and activities. Work with other state agencies to increase service funding that will help households access and maintain affordable housing.
3. Rural Minnesota service providers are often unaware of the persons in their community who are living with HIV/AIDS, and may be unaware of the needs of these persons, or may have prejudices that affect the availability of housing.	3. Work with other agencies, organizations, housing and service providers to provide information and training, which is used to promote education and increase housing opportunities.

PART 2: Accomplishments Data - CAPER Chart 1 (planned goal) and Chart 2 (actual)

	HOPWA Performance Charts 1 (planned goal) and 2 (actual)	Outputs Households				Funding		
		HOPWA Assistance		Non-HOPWA				
		a.	b.	c.	d.	e.	f.	g.
		Goal	Actual	Goal	Actual	HOPWA Budget	HOPWA Actual	Leveraged Non-HOPWA
1.	Tenant-based Rental Assistance							
2.	Units in facilities supported with operating costs: <u>Number of households supported</u>							
3.	Units in facilities developed with capital funds and placed in service during the program year: <u>Number of households supported</u>							
4.	Short-term Rent, Mortgage and Utility payments	110	167			\$107,100	\$106,939	\$31,842
	Housing Development (Construction and Stewardship of facility based housing)	Output Units						
5.	Units in facilities being developed with capital funding but not yet opened (show units of housing planned)							
6.	Stewardship (developed with HOPWA but no current operation or other costs) Units of housing subject to 3- or 10- year use agreements							
7.	Adjustment to eliminate duplication (i.e., moving between types of housing)							
	Total unduplicated number of households/units of housing assisted							
	Supportive Services	Output Households						
8.	i) Supportive Services in conjunction with <u>HOPWA</u> housing activities ¹							
	ii) Supportive Services <u>NOT</u> in conjunction with <u>HOPWA</u> housing activities ²							
9.	Adjustment to eliminate duplication							
	Total Supportive Services							
	Housing Placement Assistance³							
10.	Housing Information Services							
11.	Permanent Housing Placement Services							
	Total Housing Placement Assistance							
	Housing Development, Administration, and Management Services							
12.	Resource Identification to establish, coordinate and develop housing assistance resources							
13.	Grantee Administration (maximum 3% of total) (i.e., costs for general management, oversight, coordination, evaluation, and reporting)					\$3,570	\$3,570	
14.	Project Sponsor Administration (maximum 7% of total) (i.e., costs for general management, oversight, coordination, evaluation, and reporting)					\$8,330	\$7,486	
	Total costs for program year					\$119,000	\$117,995	

1. Supportive Services in conjunction with HOPWA Housing Assistance: if money is spent on case management and employment training, outcomes must be reported in Access to Care and Support (See Chart 4-a).
2. Supportive Services NOT in conjunction with HOPWA Housing Assistance: if money is spent on case management and employment training, outcomes must be reported in Access to Care and Support (See Chart 4 -c.).
3. Housing Placement Activities: if money is spent on housing placement activities in conjunction with HOPWA Housing Assistance, outcomes must be reported in Access to Care and Support (See Chart 4-a); if not in conjunction with HOPWA Housing Assistance, outcomes must be reported in Access to Care and Support (See Chart 4-c).

3. Instructions on HOPWA CAPER Chart 3 on Measuring Housing Stability Outcomes:

Type of Housing Assistance	[1] Total Number of Households Receiving HOPWA Assistance	[2] Number of Households Continuing	[3] Number of Exited Households Component and Destination
Tenant-based Rental Assistance			1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing) =
			4 (Other HOPWA) =
			5 (Other Subsidy) =
			6 (Institution) =
			7 (Jail/Prison) =
			8 (Disconnected) =
			9 (Death) =
Facility-based Housing Assistance			1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing) =
			4 (Other HOPWA) =
			5 (Other Subsidy) =
			6 (Institution) =
			7 (Jail/Prison) =
			8 (Disconnected) =
			9 (Death) =
Short-term Housing Assistance	Total Number of Households Receiving HOPWA Assistance	Of the Total number Households Receiving STRMU Assistance this operating year	Status of STRMU Assisted Households at the End of Operating Year
Short-term Rent, Mortgage, and Utility Assistance	167	What number of those households received STRMU Assistance in the prior operating year: 113	1 (Emergency Shelter) =
			2 (Temporary Housing) =
			3 (Private Housing)* = 164
		What number of those households received STRMU Assistance in the two (2) prior operating years (ago): 78	4 (Other HOPWA) =
			5 (Other Subsidy) =
			6 (Institution) =
			7 (Jail/Prison) = 2
			8 (Disconnected) =
			9 (Death) = 1

4. HOPWA Outcomes on Access to Care and Support

Categories of Services Accessed	Households Receiving Housing Assistance within the Operating Year	Outcome Indicator
1. Has a housing plan for maintaining or establishing stable on-going housing.	147	<i>Support for Stable Housing</i>
2. Has contact with case manager/benefits counselor consistent with the schedule specified in client's individual service plan..	147	<i>Access to Support</i>
3. Had contact with a primary health care provider consistent with the schedule specified in client's individual service plan,	159	<i>Access to Health Care</i>
4. Has accessed and can maintain medical insurance/assistance.	157	<i>Access to Health Care</i>
5. Successfully accessed or maintained qualification for sources of income.	149	<i>Sources of Income</i>

	A. Monthly Household Income at Entry or Residents continuing from prior Year End	Number of Households			B. Monthly Household Income at Exit/End of Year	Number of Households
i.	No income			i.	No income	
ii.	\$1-150			ii.	\$1-150	
iii.	\$151 - \$250			iii.	\$151 - \$250	
iv.	\$251- \$500			iv.	\$251- \$500	
v.	\$501 - \$1,000			v.	\$501 - \$1,000	
vi.	\$1001- \$1500			vi.	\$1001- \$1500	
vii.	\$1501- \$2000			vii.	\$1501- \$2000	
viii.	\$2001 +			viii.	\$2001 +	

VI. ESG Program Narrative

Every year in Minnesota, persons without shelter die of exposure to the elements. Sheltering persons with ESG funds provides a safe place to stay and shelter enhances access to services such as transitional housing, permanent housing, and other mainstream resources. For state Consolidated Plan Program Year 2010, the state assisted 13,144 homeless persons with ESG funding (a significant decrease from 2009 in the number of individuals assisted due to change of grantees and no longer funding prevention activities).

The state used Emergency Shelter Grant Program funding of \$1,240,248 in FFY 2010 to support the ongoing efforts to provide shelter and to provide supportive services to homeless persons. DHS provided ESG funds to emergency shelter and supportive service only projects for the purpose of maintaining current levels of service.

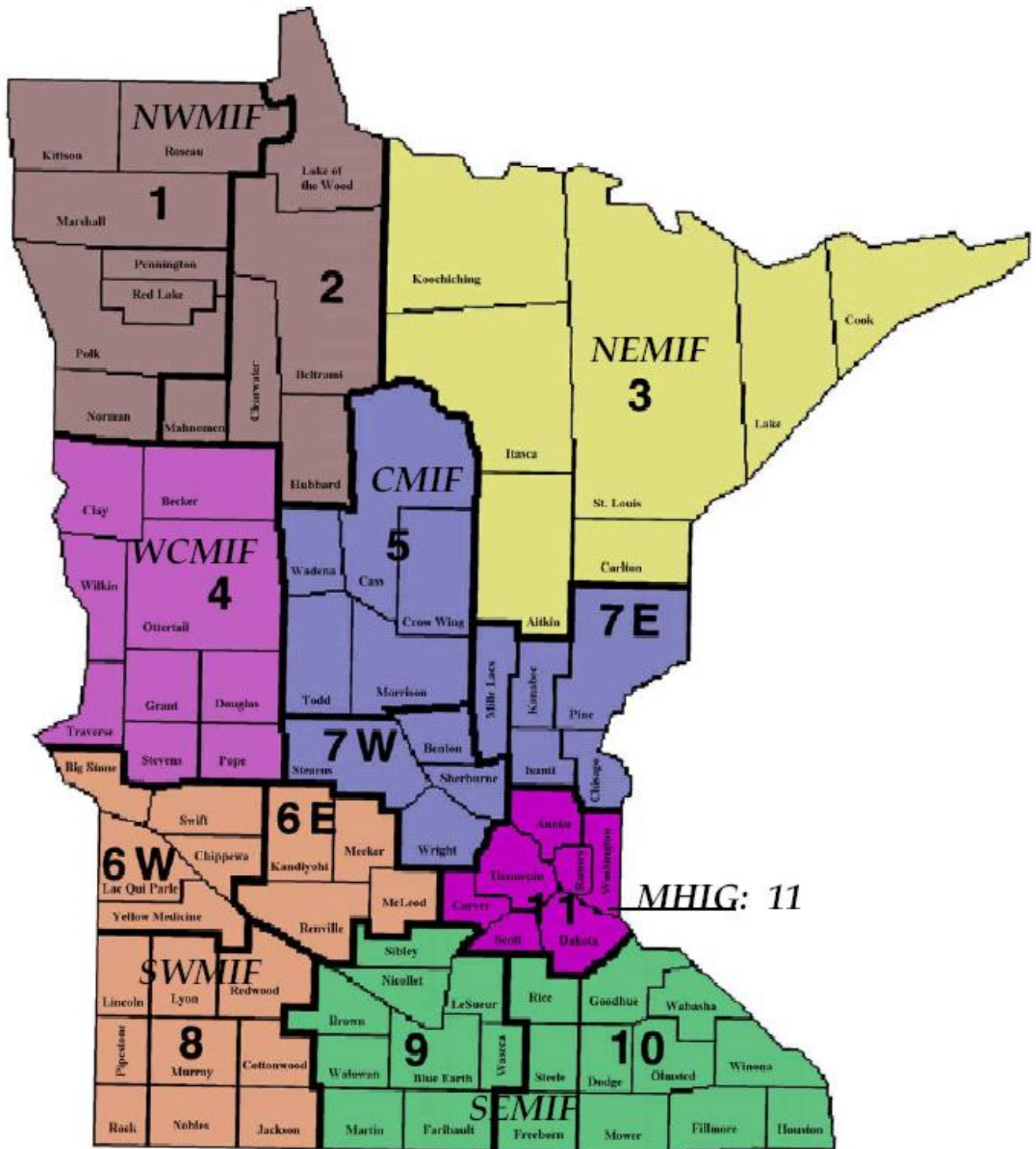
ESG funds were used to provide supportive services to persons through the shelter program they were staying in or at drop-in centers. Supportive services included case management, transportation, mental health care, substance abuse treatment, childcare, and legal advice and assistance.

The State of Minnesota Interagency Task Force on Homelessness, in consultation with the Minnesota Housing Partnership, has provided technical assistance to assist in the establishment of Continuum of Care Committees across the state. Currently, 11 Continuum of Care (CoC) regions exist in Minnesota covering the entire state. DHS has offered each CoC committee the opportunity to review and provide recommendations on each ESG application submitted from their region, as well as other DHS-administered homeless programs. This ensures that ESG funding is used to address locally determined priorities for shelter and transitional housing.

The state does not have the resources to formally evaluate the outcomes of ESG funded shelter and supportive services, but it is generally agreed upon by service providers, Continuum of Care committees and the state's Interagency Task Force on Homelessness that ESG not only provides homeless persons with a safe place to stay, but also serves as a point from which people may be referred to other needed services and housing.

EVHI, RHAG, Economic Development/Initiative Fund Region Map

EVHI Regions and Economic Development Codes



The color-coded areas are the seven current Minnesota Initiative Fund Regions.
Old Economic Development regions are numbered 1 - 11.

Minnesota Counties by Region

Northwest:	Beltrami Clearwater Hubbard Kittson Lake of the Woods Mahnomen Marshall Norman Pennington Polk Red Lake Roseau	West Central:	Becker Clay Douglas Grant Otter Tail Pope Stevens Traverse Wilkin	Southwest:	Big Stone Chippewa Cottonwood Jackson Kandiyohi Lac Qui Parle Lincoln Lyon McLeod Meeker Murray Nobles Pipestone Redwood Renville Rock Swift Yellow Medicine	Southeast:	Blue Earth Brown Dodge Faribault Fillmore Freeborn Goodhue Houston Le Sueur Martin Mower Nicollet Olmsted Rice Sibley Steele Wabasha Waseca Watonwan Winona	Metro:	Anoka Carver Dakota Hennepin Ramsey Scott Washington
Northeast:	Aitkin Carlton Cook Itasca Koochiching Lake Saint Louis	Central:	Benton Cass Chisago Crow Wing Isanti Kanabec Mille Lacs Morrison Pine Sherburne Stearns Todd Wadena Wright						

Guide to Acronyms

CAPER	Consolidated Annual Performance and Evaluation Report
CDBG	Community Development Block Grant (federal)
CHDO	Community Housing Development Organization
CoC	Continuum of Care
CPD	Community Planning and Development (HUD department)
DHS	Minnesota Department of Human Services
DEED	Minnesota Department of Employment and Economic Development
ESG	Emergency Shelter Grant (federal)
FNMA	Federal National Mortgage Association
HMIS	Homeless Management Information System
HOPWA	Housing Opportunities for Persons with AIDS (federal)
HTC	Housing Tax Credits (federal)
HUD	U.S. Department of Housing and Urban Development
IDIS	HUD's information system
LISC	Local Initiatives Support Corporation
LMI	Low and moderate income
MDH	Minnesota Department of Health
MFIP	Minnesota Family Investment Program
PATH	Projects for Assistance in Transition from Homelessness (federal)
RD	Rural Development, U.S. Department of Agriculture (USDA)
SCDP	Small Cities Development Program (federal)
SHP	Supportive Housing Program (federal)